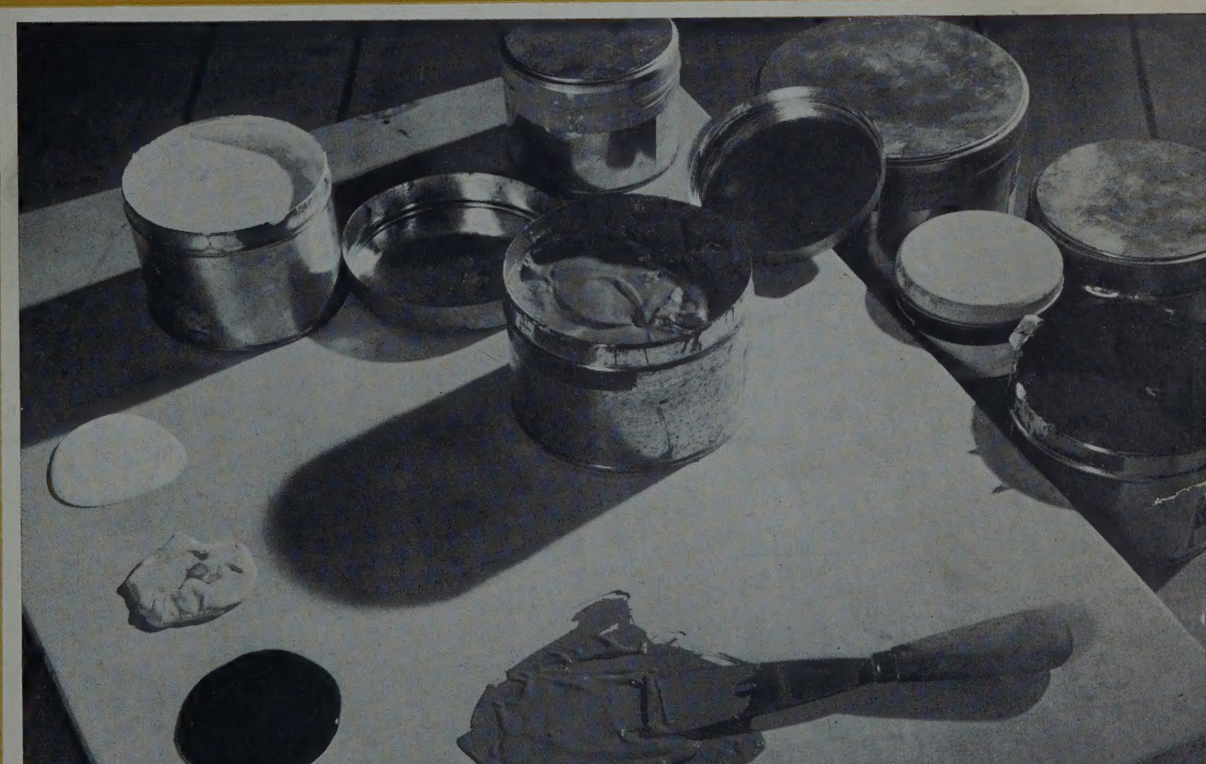
346

JANUARY 2, 1960

foreign trade

CANADA



CANADA'S PAINT, VARNISH AND LACQUER INDUSTRY

2-5

Established in 1904

foreign trade

OTTAWA, JANUARY 2, 1960 Vol. 113, No. 1

cover Many of the pigments that go into the Canadian paint-pot are imported; some of them find their way into paints that are, in turn, sold in foreign markets. The article on page two that sketches the history, current production and sales of our paint industry introduces a series of reports on world markets for Canadian paints, varnishes and lacquers, prepared by the Trade Commissioners abroad.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

78438-9—1

CANADA
COPY A

A $143 million industry produces largely for the domestic market but also seeks export opportunities. What are its advantages and disadvantages in the search for foreign markets?

G. E. McCORMACK, *Chemicals Division.*

Canada's Paint, Varnish and Lacquer Industry

THE paint, varnish and lacquer industry in Canada dates back to 1842, when the first plant was established in Montreal. Since that time the industry has become well developed; in 1958* it consisted of 131 plants located in nine of the ten provinces and turning out products worth $143 million. It is now, in fact, the second largest group in the field of chemicals and allied products.

The table on page three illustrates the growth that has taken place.

A few brief comments on the make-up of the industry might interest Canadian readers. Of the 129 plants in 1957 (the last year for which complete figures are available), the output of 35 accounted for $108.4 million of the $131.1 million total; four plants alone had a total production worth $37 million. Thirty-seven plants each produced less than $100,000 worth a year, and accounted for only $1.5 million of the accumulated production. Over half of all production was in Ontario, which has 69 out of the 129 plants. Of the 129 plants, 110 are incorporated companies and the remaining 19 accounted for only $1 million worth of total output.

*All figures for 1958 are preliminary.

Trade sales outnumbered industrial sales by about two to one and ready-mixed paints and enamels make up approximately three-quarters of the total sales of all finishes. Exterior house paints represent the largest single volume of paint sales in Canada. Of the trade sales, it has been estimated that about 80 per cent are of maintenance paints and the small remainder is paint required for new structures. Using ready-mixed paints and enamels as an index, the volume of production has actually increased in fairly close proportion to the value of the product since 1949. This indicates that inflation is not the only reason for the increased value but that productivity has also risen. (The value of production is only about 10 per cent higher than the corresponding increase in volume.)

Investment in new plant and equipment in 1958 reached approximately $2.6 million and investment in repairs $1.4 million. Forecasts for 1959 indicate about the same expenditures. Total investment in the industry has been estimated at over $150 million.

The Canadian industry is well diversified and makes nearly all its own requirements. The types of finishes produced range from the original linseed-oil paints through nitrocellulose lacquers to a wide range of finishes based on synthetic resins, such as polyester, phenolic, vinyl, acrylic, epoxy, melamine and others. Relatively small quantities of finishes, largely of the specialty type, are imported; in 1957 these imports totalled $4.75 million and came mainly from the United States.

New Developments

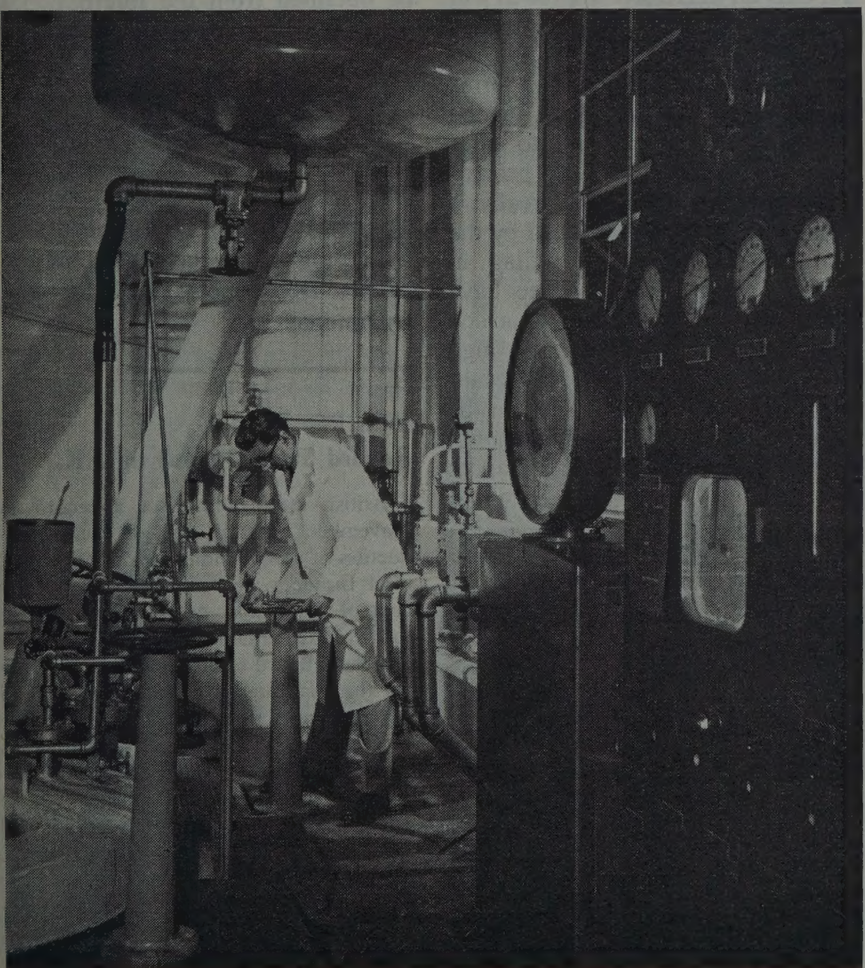
Close ties with many United States and United Kingdom firms have resulted in Canadian tech-

nology maintaining the highest standards. Although knowhow for most finishes is imported into Canada, in many instances it has been necessary to do local development work to adapt these finishes to the requirements of the Canadian climate. In addition, certain new ones have been developed entirely in Canada. The industry is conscious of a certain irony in this because, as improved finishes appear, the frequency of repainting declines. As examples of the newer developments, polyester lacquers for furniture finishing have aroused the interest of several manufacturers because they could revolutionize the furniture-finishing trade. Other recent trends in the industry include the development of tinting systems for industrial finishes, particularly body work; the swing to water-reduced coatings for industrial sales in addition to the already established trade sales, and the use of latex paints for exterior work. Exterior paint sales have remained relatively constant, but the sales volume of interior paints has increased appreciably during the past ten years. This is attributed largely to the do-it-yourself appeal of latex interior paints. Many in the paint trade expect the latex exterior paints to promote a similar upsurge as home owners find it easier to repaint more often.

THE CANADIAN INDUSTRY

Year	Number of Plants	Selling value of factory shipments	Cost of raw materials at plant	Salaries and wages	Number of employees
		(in millions of dollars)			
1949	112	82.9	42.4	14.1	6,035
1953	122	113.2	55.1	19.2	5,887
1957	129	131.1	65.6	24.3	6,316
1958	131	143.0	70.3	24.7	6,331

A technician in this modern paint plant in Toronto is supervising the operation of a resin reactor unit. The unit makes synthetic resins—such as polyester, phenolic, vinyl, acrylic, epoxy, melamine and others—that are used as components in paint formulae.
—The Glidden Company.



Imports for the Industry

The Canadian chemical industry has developed to the point where only about one-quarter of the materials used in the paint, varnish and lacquer industry are imported. Pigments are the principal import, plus many of the vegetable oils not indigenous to Canada and some special organic chemicals not yet made here. In considering the wide range of oils, solvents, resins, dryers, plasticizers, pigments, etc., that paint manufacturers use, it is easy to appreciate that few industries have in the last generation felt the impact of chemistry so strongly.

Aggressive Selling Needed

As might be expected since so many Canadian plants have access to foreign knowhow, competition is keen and if a firm is to increase its share of the trade, it must employ aggressive selling techniques. Despite the fact that the Canadian paint industry is to the fore in new developments, there is a noticeable undercurrent of dissatisfaction that business is not expanding as much as the industry could wish. This has largely resulted from the fact that many applications formerly served by the paint industry are now being filled by new materials such as stainless steel, glass and particularly plastics, which do not require paint. As a result, efforts are being made to develop new markets for finishes

78438-9—2

and new coatings tailor-made to fill a particular need.

Export Markets

Exports of paints, varnishes and lacquers represent a small portion of our total trade, amounting to $1.1 million in both 1957 and 1958. There are, however, several paint firms in Canada interested in exporting finishes. Exports were classified under the following headings for 1957 and 1958: enamels and lacquers, $66,600 (1957) and $45,600 (1958); varnish, $221,400 and $176,700; other paints $769,900 and $859,000. These shipments went to 34 countries in 1957 and to 40 countries in 1958. Historically, Canada has been an important supplier of finishes to the British possessions in the Caribbean (including Bermuda) and this area remains our largest market, with exports totalling $610,000 in 1957 and $593,000 in 1958. The United States, in terms of its sales volume, imports insignificant quantities from Canada but to the Canadian industry it is still our second largest foreign customer, taking varnishes to the value of $172,000 in 1957 and $134,200 in 1958, and other paints worth $148,000 and $154,-000 respectively. Sales to the West Indies are largely regular trade sales but exports to the United States consist mainly of specialized finishes. It is interesting to note that, in general, of the various firms selling regularly to the West Indies none is selling to the United States, and vice versa.

New Markets Opened

The United States exported finishes worth over $30 million in 1958 and the United Kingdom finishes worth approximately $30 million. This at least shows that there are export markets abroad and opportunities for Canadian manufacturers if they are willing and able to meet the competition. It is true that much of the United States export business is not available to Canadian firms because it is transacted through corporate ties or because of United States defence requirements abroad, but there are enough non-captive markets left to enable a substantial increase in Canadian sales. United Kingdom exports, on the other hand, not only are the result of long established connections but have also benefited from various discriminatory controls against dollar imports in many countries. These restrictions have now been largely removed and there are new possibilities for Canadians to compete with the United Kingdom for sales. Various underdeveloped areas of the Commonwealth appear to offer particular promise because we frequently benefit from a tariff preference over the United States in these countries.

It would be unwise, however, to jump to the conclusion that exports will prove the easy answer to the problems Canadian firms face in increasing their sales. Competition in export markets is extremely keen and only an aggressive approach will bring any significant results. Among the difficulties encountered abroad are the need to meet the terms offered by other suppliers, to be competitive in price, and to offer adequate assistance in sales promotion. This, of course, is really a problem similar to that faced by the Canadian manufacturer selling in Canada. Most foreign markets have established a degree of domestic paint production and because high tariff protection is often the result, export opportunities will often be greater in the specialty finishes not available locally. In other instances there is a market for the higher quality finishes (such as Canada can offer) in demand for certain applications that the domestic product cannot fill. Despite these problems Canadian firms are still showing that it is possible to enter a new market through good salesmanship.

Series Projected

In an effort to stimulate interest in export markets and to give paint manufacturers a look at the paint industry in other countries, the Department has initiated a series of reports from our Trade Commissioners around the world. The reports in this issue of *Foreign Trade* are the first in the series and further ones will appear in subsequent numbers. In these reports we have tried to obtain a description of the present status of the paint industry in each country and some advice on the prospects for imports from Canada. In many cases, the reader will discover that opportunities for direct export of finishes are not too promising but it may be possible to sell raw materials to the local paint manufacturers, provided our prices are competitive. Another approach to foreign sales is the opportunity presented in some countries to make finishes there under licence to a Canadian firm.

Where tariff information on any one country is not provided, it can be obtained from the International Trade Relations Branch of the Department. Statistics on paint imports for some countries were received but are not published because of space limitations. Any reader with an interest in a particular country can obtain a copy of these statistics by writing to the Chemicals Division of the Department of Trade and Commerce.

Record Steel Output in U.K.

British steel output set a record in November, with an average weekly production of 458,600 long tons. At this rate, steel furnaces were operating at 95 per cent of their capacity, now estimated at just over 25 million tons a year. The Iron and Steel Board estimates that production for the final quarter of 1959 will total 25 per cent more than in 1958, or twice the increase achieved in the previous quarter. Development plans in progress and announced will lead to a marked rise in capacity over the next few years. It will boost particularly output of sheet steels, where a bottleneck in supplies has been created by the booming demand for consumer durables, such as motor vehicles, refrigerators and washing machines.

Paints and Varnishes

The Market in Belgium

Quality paints and varnishes can be sold, but U.S. producers provide our exporters with stiff competition.

J. R. ROY, *Assistant Commercial Secretary, Brussels.*

BELGIUM'S paint and varnish industry is relatively smaller than Canada's. The chemical industry has tended to emphasize other types of manufacturing so that these coatings account for only 7 per cent of its total output by value compared with about 11 per cent in Canada. Canadians produce almost 96 per cent of their paint and varnish requirements domestically; Belgians produce only 90 per cent. The local industry, which is not particularly specialized, makes the usual types of oil-base and water-base paints, but has concentrated on the development of cellulose lacquers and synthetic resin paints and varnishes. The finishes produced are:

Enamels of all types
Cellulose and spirit lacquers
Rust-resisting paint
Water paints
Oil and synthetic paints
Waterproof paints (liquid glass base)
Latex paints
Luminous, fluorescent, phosphorescent and radioactive paints
Flat washable paints
Marine paints
Acid-resisting paints and varnishes
Ready-mixed paints of all types
Spirit varnishes
Cellulose varnishes
Synthetic varnishes
Synthetic resin paints and varnishes

The production of these finishes is scattered among 100 firms, or roughly 25 per cent fewer producers than in Canada. Output in 1958 was valued at about $30 million, as against the Canadian figure of approximately $130 million.* Table I gives Belgian consumption and production for the past three years.

*Canada has twice the population of Belgium and is 320 times larger in area.

Cellulose paints have made the greatest gain and now account for 9 per cent of total Belgian production. The trend towards greater use of latex paints has halted. Water-base paints and emulsion paints account for almost one-third of total production and other types make up the remaining 60 per cent.

The industry consists largely of family businesses. Its development follows the pace set by United States manufacturers and on the whole it appears to be doing well. Production in the last three years has increased at an average annual rate of 8.6 per cent. Consumption, however, has

Imported and domestic marine paints are widely used in Belgium. Painters here apply a gleaming coat to the hull of a ship that has gone into a Belgian drydock for repairs.

78438-9—2½

Table I

Paints, Enamels and Varnishes in Belgium

	1956	**1957**	**1958**
Production (metric tons)	57,000	60,000	65,000
Value of production ($ million)	29.6	31.5	34.4
Consumption (metric tons)	60,771	66,152	71,297

exceeded production to such an extent that imports have increased on the average 8.2 per cent in each of the past three years, even though exports have dropped slightly—by about 0.5 per cent. The drop in exports, however, occurred largely in shipments to the Belgian Congo, where local production is increasing steadily. An effort is being made to close the widening gap between consumption and production. Sizable investment has been made in industrial sites and property to enable further expansion. The U.S. firm of E. I. du Pont de Nemours is expected to put a new paint and varnish plant into operation almost immediately.

Sources of Imports

From 1953 to 1957, Canadian exports of finishes to Belgium averaged $1,500 a year and consisted almost exclusively of paints n.o.p. In 1958, a year when business activity was down in Belgium, Canadian shipments shot up to $43,000.*

Table two, on the left, shows the import pattern for 1957 and 1958. The import market is dominated by three of Belgium's closest neighbours and by the United States. All are traditional suppliers but the United States appears to be losing ground. Falling Dutch and German prices and rising U.S. prices no doubt contributed largely to the reduction in U.S. sales in 1958. For a number of years, U.S. suppliers have none the less managed to sell because of the superior quality of their products.

The increasing differential between North American and European paint-production costs is believed to be one of the main reasons why Du Pont is building in Belgium. It is not expected that its output will close the production-consumption gap. Du Pont products account for a large share of imports from North America and output of their new plant will presumably replace some paint and varnish imports.

Entering the Market

There appears to be a market for quality Canadian paints and varnishes, even if it turns out to be temporary. At the present time, it is readily accessible to Canadian exporters. The Belgian franc can

Table II

Imports into Belgium of Paints, Varnishes, Enamels and Siccatives

	1957		**1958**	
	Metric	**Value**	**Metric**	**Value**
Country of Origin	**tons**	**'000 fr.**	**tons**	**'000 fr.**
Netherlands	2,647	95,702	3,240	110,630
United States	2,366	104,553	1,866	89,041
West Germany	1,540	62,394	1,543	67,489
United Kingdom	1,211	40,329	1,164	36,549
France	114	5,265	281	10,625
Italy	13	769	47	2,271
Norway	138	4,416	50	1,756
Sweden	10	473	14	455
Switzerland	76	3,016	88	3,230
Canada		45	32	2,081
Denmark	7	255	4	177
Others	2	78	578	349
TOTALS	8,124	317,295	8,907	324,653

TABLE III

Benelux Tariff Item	Description of Product	Customs Duty	Excise Duty	Transmission Tax
307 (a)	Colours, not prepared, n.e.s.i.	Exemption		8%
308	Prepared colours of all kinds:			
(c)	Ground in oil, also with an admixture of diluting materials (turpentine oil, etc.) and of siccatives:			
	(1) white lead	12%	A - B	14% if packed for retail sale; otherwise 9%
	(2) other	12%	A - B	
(e)	Other	12%	A-B-C	
311	Varnishes, with or without admixture of colours or colouring materials of all kinds, concentrated or not:			
(a)	with drying oils (oil varnishes)	12%	None	14% if total package weight is 1.5 kg. or less; otherwise 9%
(b)	with alcohol (spirit varnishes)	12%	D.	
(c)	with cellulose esters (cellulose varnishes)	12%	None	
(d)	Other	12%	None	

(1) containing denatured ethyl alcohol: 40 frs. per hectolitre (subject to conditions laid down by Ministry of Finance)

(2) containing non-denatured ethyl alcohol: for each degree of the Gay Lussac alcoholmetre at a temperature of 15°C.: 92 frs. per hectolitre (subject also to special consumption tax of 1,500 or 11,000 frs. per hectolitre)

(3) not containing ethyl alcohol: exemption

(4) containing denatured alcohol without distinction as to degree: see (1) containing non-denatured alcohol: see (2)

*According to Belgian statistics, imports from Canada were worth $40,000.

be freely converted into Canadian dollars. Tariff and tax barriers are fairly high but not insurmountable. Table III summarizes duties and taxes payable on various categories of finishes. No import licences are required. Most imported finishes are of the types listed in the first paragraph and they compete directly with the products of local manufacturers. Because the United States provides about one-third of current imports, there is reason to believe that Canadian exporters could continue to sell to Belgium.

Effect of Common Market

The Belgian duty mentioned above will eventually be reduced to zero for other members of the Common Market. A common tariff will also be applied on goods entering Belgium from countries outside the Common Market. The common duty rate will be above 12 per cent (for items 308 and 311) and will be the average of the various Common Market rates now in force. The resulting benefit to paint and varnish suppliers in West Germany, the Netherlands, Italy and France is obvious. The notable increase in imports from France and Italy already may be indicative of attempts by producers in those countries to gain a better foothold in Belgium, with the hope of increasing sales when the Rome Treaty is fully implemented.

Agents and Terms

About 60 firms are active in the export-import trade in paints and varnishes in Belgium. The Trade Commissioner in Brussels is familiar with enough of these firms to provide proper contacts for Canadian exporters seeking agents. Belgian clients are now accustomed to receiving 30 days' payment terms from foreign firms and local commission agents stress this factor to their Canadian principals. In many cases agents have to retain stocks of paints. These stocks are usually paid for, as Belgian firms do not insist they be sent on consignment from North America. Promotion leaflets or catalogues are necessary, of course, and they should be in the French language if possible. Canadian firms selling paints in containers bearing bilingual labels may have a slight advantage. Ready-mix paints are still sold by U.S. and U.K. firms in their domestic measures. None the less, there is a demand for metric measures where possible. In any event, it is necessary to print on labels the volume of the contents in litres or centilitres. ●

The Market in France

Canadian manufacturers of ingredients for paints and varnishes might investigate opportunities in this expanding French industry, which now supplies most of the country's needs.

W. G. BRETT, *Assistant Commercial Secretary, Paris.*

A brief sketch of the structure of the French paint and varnish industry may prove valuable to potential Canadian exporters. Some 315 major plants each produce over 100 tons of end-products a year. Their total output is divided as follows:

Exterior oil paints	120 firms
Enamels	90 "
Vinyl or latex	30 "
Synthetic	30 "
Cellulose	45 "

Virtually all sectors of the industry have enjoyed a steady growth over the past ten years and now, with an annual production of some 400,000 metric tons (a 7.7 per cent increase over 1957), can satisfy French needs and fill export orders.

For some years the industry has been operating in a favourable economic setting. Statistics include allied industries (printing ink, mastics, artists' colours and so on) but paints and varnishes are the most important items in this group. Taking the group as a whole, investment in 1957 totalled about Frs.2.6 billion or 3.3 per cent of turnover (tax included). The total number of plants now stands at slightly over 400. Raw material prices have been steady although buyers have felt the effects of devaluation. Since January 1, 1959, product prices have increased somewhat. Consumption has risen, following sound advertising and promotion by the Government and the industry. The labour scene has been generally quiet and there has been no difficulty in recruiting labour to meet expanding production schedules. Productivity has remained at about 47 tons per worker.

The industry seems to have achieved stability, following some reconstruction and expansion. In fact, the number of plants has declined slightly since 1958 but this is considered a part of the stabilizing trend.

Depends on Imported Ingredients

This picture of the French paint and varnish industry shows a healthy domestic industry able to supply an increasing internal demand. The export picture is equally encouraging. Superficially Canadian participation does not seem likely at the present time. However, a strongly developed industry means more possibilities of selling Canadian-made ingredients.

The following table indicates the degree to which France depends on the import of essential elements in manufacture:

Ingredients	Per cent Imported
Linseed	80
Natural gums	90
Synthetic iron oxide	100
Lithopone	20
Colour material	15

Naturally, these percentages are subject to change. Certain ingredients are produced domestically, particularly zinc oxide, lead and white spirit. Nevertheless, there is an important variety of raw materials that may be sold to France.

Trends in Trade

With the advent of convertibility and the recent liberalization measures, it is difficult to visualize future sales in relation to past performance. However, a study of the past two years' statistics reveals certain current trends in the market.

Looking at the statistical group of which paints and varnishes are a part, we note that exports doubled in 1958 (3,680 tons compared with 1,642 tons in 1957) and for the same period imports declined by 35 per cent. During the first three months of 1959, exports of the whole group fell by nearly 8 per cent. However, the paint and varnish industry increased its exports by more than 15 per cent (303 tons compared with 263 tons).

During the same quarter, imports of paints and varnishes rose by 20 per cent (523 tons compared with 433 tons). The growing importance of the paint and varnish industry is evident when compared with producers in allied fields. As a result, there are growing opportunities for Canadian suppliers of ingredients.

Approach to the Market

As various sections of the French tariff deal with the multiplicity of products and ingredients related to paints and varnishes, all potential exporters should make sure of the sub-group which includes their products. However, the most general category is Item 32.09:

"Varnishes and lacquers; distempers; prepared water pigments of the kind used for finishing leather; other paints and enamels; pigments in linseed oil, white spirit, spirits of turpentine, varnish or other paint or enamel media; dyes in forms or packings of a kind sold by retail; stamping foils."

The duties applicable to sub-groups under this category are 21.6 per cent for prepared pigments, and ranging from 21.6 per cent to 27 per cent for various other types of varnishes and paints.

Under another category, Item 32.07 lists colouring matters, with duties ranging from 5 per cent for soluble Vandyck brown and similar products to 22.5 per cent and 27 per cent for cadmium-based pigments.

As is customary in France, the industry is organized into a national federation. However, the number of plants indicates a wide geographical distribution and consequently it is advantageous to deal through well-connected agencies, although for some products direct arrangements may be made.

Synthetic and cellulose varnishes and lacquers are mainly sold by the litre but usually paints and pigments are sold by the kilogram. Again exporters are reminded that although a product may be liberalized an import licence is still required.

Exporters should note these facts and study other aspects of the French market if they wish to participate in France's industrial expansion. The Commercial Division of the Paris Embassy will be happy to assist Canadian manufacturers interested in selling to the growing paint and varnish industry. •

The Market in West Germa[ny]

Canadians exporting paint to Germany face competition from a highly developed local industry and from suppliers in the U.S. and Europe, though there may be opportunities to sell the latest in paints and printing inks.

J. M. T. THOMAS, *Vice Consul and Assistant Trade Commissioner, Hamburg.*

THE West German paint and varnish industry is highly developed and dynamic; from 1950 to 1958 production expanded by over 115 per cent, or considerably faster than the rate of growth of the economy as a whole. This remarkable increase can be attributed in part to the rapid postwar growth of certain paint-using industries. The German standard of living has risen steeply since the war and consequently the automobile and household appliance industries have made remarkable strides. These industries are all large consumers of paint, varnish and enamel.

Technological advances since the war have also given impetus to the paint industry by providing many new uses for paints. Manufacturers have an excellent supply of raw materials, partly obtained at home.

The paint and varnish industry is extremely concentrated. Between eight to ten firms control up to 60 per cent of the production; the other 40 per cent is divided among 200 smaller firms.

Over the past eight years paint prices have remained remarkably stable despite general over-all price increases in Germany. It is said that this stability stems directly from modernization and rationalization within the industry itself.

Despite modern developments, the use of paints in the building industry is not nearly as great as in North America. In Germany, between 15 and 20 per cent of total production finds its way into the

construction industry; in the United States the figure is about 60 per cent.

Production of Principal Paints and Varnishes

	1950	1958
	(tons)	
Total paints, varnishes and thinners	186,947	401,612
Oil paints and varnishes	89,788	145,411
Nitro-varnishes	29,226	68,214
Oil-free artificial resin varnishes	10,478	32,481
Artificial resin and other emulsion-based paints	6,902	26,267
Bituminous varnishes	9,384	28,140

New Paints Developed

Oil-based paints are still the most important products of the paint industry, though the table shows that their rate of growth is the slowest (only 60 per cent since 1950). The development of new raw materials for paints, particularly oil-free artificial resin bases, has introduced new kinds of paints that are rapidly replacing the oil-based ones. Production of oil-free artificial resin-based paints increased by 210 per cent between 1950 and 1958, and that of emulsion paint by 280 per cent during the same period. Emulsion paints and artificial resin paints and varnishes are used largely by industry. One interesting artificial resin that is gaining popularity is polyester. Its principal use is in producing the high-gloss finish so popular on German furniture today.

Polyester has also contributed to the decline in importance of the nitrocellulose lacquers. The metal industries once used these lacquers in large quantities but because they are considered dangerous and difficult to apply, they are being ousted by the new varnishes.

Rubber-based paints have never really captured the market in Germany because, at the time when they were being developed in the United States, German industry was bringing out emulsion paints from polyvinyl acetate. PVA has proved very popular and German manufacturers feel that it may replace rubber-based paints even in the United States, at least for household use.

U.S. Is Biggest Supplier

Germany is a large net exporter of paints and varnishes; some 3 per cent of total production is sold abroad, principally to other European countries. Imports have grown somewhat but in 1958 amounted to only about one-third of 1 per cent of German production. Much of the growth in the last few years is probably the result of a general reduction of the German customs duty on paint imports. The U.S. is the biggest supplier, with a 45 to 50 per cent share of total German imports. Gaining ground rapidly, however, are the countries of the "Outer Seven" Free Trade Area (the United Kingdom, Sweden, Switzerland, Austria, Portugal, Norway and Denmark).

Imports in many instances reflect special conditions. Large amounts of marine paints are brought in, for example, but these are actually ordered by foreign steamship companies who wish to have their ships repainted with their own brand of paint when they are in German ports. A good portion of purchases from the United States are said to represent inter-company transactions in which the U.S. head office supplies its German branch with certain highly specialized paints and bases.

Openings for Canadians

Apart from the highly competitive position of the German industry itself, a problem for foreign suppliers is the fact that the chief users in Germany are industrial. These users prefer to buy from local companies because of service problems. German paint factories with large accounts, such as Volkswagen, have to maintain full-time technicians in their customers' factories. This would probably pose difficulties for Canadian firms. In the consumer field there are other problems. Germans are conservative in trying out new paints, particularly when they come from abroad. So far no U.S. firm has really been successful in marketing household paints here.

In general, the possibilities of selling Canadian paints on the German market do not appear too bright because of the strong competitive position of the German industry. The only opening seems to be in highly specialized paints that represent the latest developments in technology; even here, only paints that are not yet being produced in Germany have a chance. For example, at present PVC-based compounds must be burnt on with infra-red heating. The German paint industry is working on the development of compounds that could be applied as is and left to air-dry. Efforts to date have not been successful. If the Canadian paint industry has been able to develop such compounds, the German market might prove accessible.

Another field in which sales might be made is that of printing ink. Many people consider that North American inks are superior in quality. Germany already imports inks from Switzerland and Britain where the quality of inks is also high. Canadian ink producers might therefore compete against the Swiss and the British—if their prices are competitive.

In selling paints and varnishes on the German market, it is important to use the kilogram as the unit of measurement. The trade is familiar only with metric measurements.

The usual terms of payment when selling to the German trade are eight days 2 per cent discount, 30 days net. Because the principal buyers are large industrial firms, they are often able to dictate terms and consequently the terms given above may be considered minimal. No Canadian firms should expect to sell on letter of credit.

There are no restrictions on the import of paints and varnishes from dollar countries. Businessmen interested in obtaining details of the German import tariff may write to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. •

Commodity Notes

Agricultural Tools

CEYLON—The Department of Agriculture has completed plans to manufacture at Welisara, near Colombo, a wide range of light agricultural implements; this will conserve foreign currency and reduce farmers' costs. Preliminary production plans provide for manufacturing 40,000 weeders, 15,000 paddy seeders, 10,000 light iron ploughs, 80,000 mammoties, 80,000 sickles, 1,000 mammoty forks, 1,000 hand forks, 10,000 crowbars and 25,000 water cans. The project will be aided by the Co-operative for American Remittances Everywhere (CARE). It will also be directed towards training and developing mechanical aptitudes of local personnel and will provide incentive for technical advancement—Colombo.

Aluminum

AUSTRALIA—In September, the Federal Prime Minister and the Treasurer of Tasmania made a statement concerning the expansion of the aluminum industry at Bell Bay. An act was passed in 1958 authorizing the Government's contribution of £1.5 million for expanding the plant. The intention at that time was to increase the capacity of the plant from the present 12,000 tons of ingot metal a year to 16,000 tons. But as provision will be made to increase capacity to 28,500 tons, the estimated cost will rise. The Government may introduce a Bill authorizing a state contribution but this depends on the outcome of present negotiations over admitting a third partner to the undertaking. The hope is that ancillary industries will also develop at Bell Bay—Melbourne.

TAIWAN—The Development Loan Fund has approved a loan of US$1.3 million to the Taiwan Aluminum Corporation to expand its plant.

The Corporation disclosed that a 3,000-ton pressing machine was added recently to its Kaohsiung plant. It can now produce any shape of aluminum sheet with a diameter of up to eight inches—Manila.

Aluminum Cable

INDIA—The Government of India has entered into an agreement with a Japanese firm to set up a plant to make aluminum steel-reinforced cable. It will have an initial capacity of 6,000 tons a year and construction is expected to be completed by November 1960—Bombay.

Batteries

SINGAPORE—A new automobile battery manufacturing plant known as Associated Battery Manufacturers (Malaya) is scheduled to begin producing in March, with an initial output of 50,000 batteries a year. A combination of Lucas and Exide resources, it is located in the satellite town of Petaling Jaya, near Kuala Lumpur, in the Federation of Malaya—Singapore.

Chrome Ore

INDIA—Because of severe competition in the world market, sales abroad of Indian chrome ore will probably be smaller in 1959. During the first three months of 1959 India exported 15,854 tons compared with 43,495 tons in the whole of 1958—Bombay.

Domestic Appliances

UNITED KINGDOM—Statistics published by the Electricity Council show a considerable rise in sales of domestic appliances in August 1959 compared with the same month in 1958.

Sales of refrigerators totalled 17,434 units, or 168.4 per cent higher than the corresponding month; sales of washing machines increased 97.5 per cent, stoves 39.1 per cent, and immersion water heaters 30.6 per cent.

For the twelve-month period ended August 31, 1959, refrigerator sales totalled 156,961, or 163.5 per cent more than the preceding 12 months; comparable figures for washing machines were 161,552 units, an increase of nearly 115 per cent—London.

Ferro-Manganese

AUSTRALIA—The Tasmanian Government and the Broken Hill Proprietary Co. Ltd. have decided to establish an electro-metallurgical industry at Bell Bay on the Tamar River. The 280-acre site will adjoin the works of the Australian Aluminum Production Com-

mission at Bell Bay. Initially the A£1.6 million plant is to produce ferro-manganese, an alloy used in steel-making, and should be ready for production by early 1962. The industry will be operated by a new company to be known as Tasmanian Electro Metallurgical Co. Pty. Ltd., a wholly-owned subsidiary of the Broken Hill Pty. Co. Ltd.—Melbourne.

Footwear

ITALY—Although official statistics are not available because such a large number of artisans contribute to the production of footwear in Italy, it is estimated that annual output now totals about 70 million pairs with a value of $240 million. Exports have been an important factor in the rapid advance of this industry. In 1951, approximately 300,000 pairs with a value of $1.4 million were exported, rising to 10.7 million pairs valued at $42.8 million in 1958. During the first eight months of 1959, exports exceeded the twelve months of 1958 by nearly two million pairs—Rome.

Hydraulic Brakes

FRANCE—Complying with the French Government's request to decentralize French industry, Lockheed of France, manufacturers of hydraulic brakes, recently inaugurated a new factory at Beauvais, 50 miles north of Paris. Expected to employ over 1,000 workers by the end of 1959, the Beauvais factory will be used as a final assembly plant for all Lockheed production—Paris.

Locomotives

INDIA—Ninety diesel locomotives will be manufactured by three Indian firms, in collaboration with West German and U.S. companies, for the Government of India. The locomotives will be equipped with foreign-made engines, and will come off the assembly line in two years. It is expected that by 1964 locomotives will be entirely made in India—Bombay.

Molybdenum

ITALY—It is reported that an important deposit of molybdenum has been discovered on Sardinia. The ore body is estimated to contain five million tons, and it is reckoned that, on a commercial basis, molybdenum could be produced at a cost of $1.25 a pound. A company has already applied for permission to exploit the deposit, which will necessitate the construction of a hydro-electric power development in addition to a concentration plant—Rome.

Motor Vehicles

RHODESIA—The Leyland Albion organization is shortly to begin assembling buses and trucks in the Federation of Rhodesia and Nyasaland. Its initial assembly program is for 300 to 350 units a year and it expects that eventually most of the components will be made locally—Salisbury.

Natural Gas, Oil

ISRAEL—Rich natural gas deposits have been struck at Rosh Zohar, 25 miles east of Beersheba, by Naphtha Israel Oil Company. Production has been estimated as equivalent to 260 tons of oil a day and further drilling is taking place. Israeli authorities believe this field is more promising than the one at Helez, where total annual oil output is now 120,000 tons—less than one-tenth of domestic needs—Athens.

Newsprint

INDIA—The National Newsprint and Paper Mill, the sole newsprint producer in India, is expected to achieve its production target of 100 tons per day within the next few months. In 1958-59, it produced 22,000 tons as against 14,000 in the previous year—Bombay.

Oil

PAKISTAN—The discovery of oil in commercial quantities at Karsal, West Pakistan, has been confirmed by Pakistan Petroleum Limited. Output of crude oil may rise by about 20 per cent when Karsal Well No. 3 is put on regular commercial production. The well, which was brought in at over 11,000 feet, will produce about 800 to 1,000 barrels a day—Karachi.

Paper

FRANCE—Bowater Paper Corporation of London has purchased the majority of the capital of Société Prot Frères of Reims, a firm specializing in the manufacture of paper bags, cardboard, and miscellaneous packing materials. The new company, Bowater Prot, is expected to install additional automatic machinery in the plant —Paris.

Peat Moss

IRELAND—At Kilberry, Athy, Co. Kildare, Bord na Mona produces sphagnum peat moss. About eleven years ago, the first consignment of 2,100 bales was shipped to the Channel Islands as a soil conditioner for tomato culture. It proved so beneficial that sales in 1959 have risen to between 23,000 and 25,000 bales. Commercial tomato growers claim that, since commencing to use it, their yield has increased by about 25 per cent. A trial shipment of 2,000 bales is being sent to the South of England for mushroom growing. (One bale contains about 160 lb.)—Dublin.

Petroleum Refinery

SINGAPORE—The Standard-Vacuum Oil Company plans to set up a petroleum refinery in the Federation of Malaya. Pioneer industry applications have been

78438-9—3

submitted to the Government for this project which forms part of a C$30 million investment program that Stanvac has for Malaya. The refinery will meet Stanvac's present and future requirements of principal petroleum products—Singapore.

Phosphate Rock

COMMUNIST CHINA—The new China News Agency reports that Communist China will import half-a-million tons of phosphate rock from Morocco. The contract, included in the Sino-Morocco trade agreement of last October, was signed between the China National Metals Corporation and the Cherifien Office of Phosphates of Morocco—Hong Kong.

Plastics

UNITED KINGDOM—Statistics of plastic materials in the second quarter of 1959 show that sales are expanding rapidly and have fully recovered from the slackness in 1958; this applies to both home and export sales. In the second quarter of 1959 net sales reached 128,000 tons, compared with 114,000 in the first quarter and 100,000 in the second quarter of 1958. As before, the biggest expansion in sales was in thermoplastic materials, where sales of all types exceeded all previous levels.

Sales of all types of thermosetting materials increased over a year earlier. Although still small in terms of tonnage, sales of epoxy resins and of polyesters (other than for use in the manufacture of synthetic textile fibres) continued to rise sharply.

At 37,000 tons, exports of plastic materials in the second quarter reached a record. Comparing the first six months of 1958 and 1959, higher exports have accounted for over 40 per cent of the increase in net sales in terms of volume. Imports, at 14,000 tons, also rose more than 30 per cent over the previous quarter —London.

Pulp

ISRAEL—A pulp-processing plant (estimated cost between $3 and $4 million) is to be built in Israel with U.S. capital. It will require that large areas of land be planted with eucalyptus and corn to provide the raw material. When it comes into production, the new plant should be in a position to cover the pulp needs of the Israeli paper industry—Athens.

TAIWAN—The Taiwan Pulp and Paper Corporation, a government-controlled corporation, has recently announced the sale of three shipments of bagasse pulp, totalling 420 tons, to the Philippines.

The Philippines currently has one producer of bagasse pulp but, as indicated by this sale from Taiwan, needs more bagasse pulp than it is turning out. This is largely due to the fact that Philippine sugar mills use a great deal of their bagasse as fuel.

There are four Philippine paper mills manufacturing approximately 100 short tons of paper a day—Manila.

Pulp Machinery

FINLAND—The Wärtsila organization in Finland will deliver complete equipment for a kraft paper mill to Wifstavarfs AB's plant near Sundsvall, Sweden. The new mill will produce approximately 250 tons per 24-hour day and will come into operation in the spring of 1961—Stockholm.

Stainless Steel

INDIA—In the first six months of 1959, India spent Rs.6 million on the import of 1,212 tons of stainless steel, compared with Rs.11.1 million for the whole of 1958. Stainless steel is not yet produced in India—Bombay.

Steelmaking Materials

JAPAN—The Japanese Government recently announced the following import quotas for the period October 1, 1959-March 31, 1960: iron ore 5,905,000 tons, steel scrap 1,604,000 tons, and coking coal 2,126,000 tons—Tokyo.

Tetra Paks

SWEDEN—The Soviet state trading organization Technopro-import, Moscow, has purchased Tetra-Pak machines from Sweden to a value of Sw.kr.3 million. Next summer, housewives in Moscow and Leningrad will be able to buy their milk in Tetra Paks—pyramid-shaped cartons made of polyethylene-coated paper —Stockholm.

Textiles

NETHERLANDS—The manager of the autumn fair of the Dutch textile industry reports that the industry is receiving an increased number of orders. Dutch textile exports to Euromarket countries are developing favourably, with the notable exception of France. Dutch exports of cotton, rayon and linen fabrics to European countries increased to 10,302 tons during the first half of 1959 and accounted for 54 per cent of total Dutch textile exports. Sales of the Dutch tricot industry were valued at Fl.73.6 million during the second quarter of 1959—The Hague.

TV and Radio Sets

SWEDEN—Sweden imported TV and radio sets worth approximately Sw.kr.242 million during 1958: of this figure, Kr.122 million were imported from West Germany, 72 million from the Netherlands, 13 million from Britain, 11 million from the United States, 8 million from Denmark and 6 million from Japan —Stockholm.

Selling Apples in Venezuela

Bigger sales should reward the Canadian apple producer who caters to the needs of this growing but competitive market.

J. E. MONTGOMERY, *Assistant Commercial Secretary, Caracas.*

VENEZUELA is a potentially attractive outlet for Canadian apple exporters. It is a market with high purchasing power; Venezuelans have more money than most Latin Americans to spend on high-quality foods from abroad. The market for non-citrus fresh fruit is large and is growing rapidly. Venezuelan import statistics do not show apples separately, but imports of all non-citrus fresh fruit into Venezuela reached 31.4 million kilograms in 1958, valued at more than Can.$7 million.

The United States is the main supplier to the Venezuelan fresh fruit market and sold about $4.3 million worth here during 1958. Other major suppliers are Canada, Argentina, Chile, Greece and New Zealand. The U.S., Canada and Argentina are the principal exporters of apples to Venezuela. Argentina delivers during the off-season and thus supplements North American shipments.

U.S. AND CANADIAN APPLE EXPORTS TO VENEZUELA

	United States	Canada
1954	U.S.$ 715,951	Can.$79,106
1955	845,923	56,975
1956	629,315	22,986
1957	907,217	33,664
1958	1,479,821	54,968

North American varieties of apples are popular with the Venezuelan consumer; he usually buys them in small lots from street vendors or in small grocery stores. Venezuelan wholesalers prefer a large-size, well-coloured apple of uniform quality and this type finds ready acceptance in the retail trade. For this reason the main varieties sold are Red Delicious, Red Rome, Golden Delicious and McIntosh. Prices for North American apples range from U.S.$5.50 to $7.00 per carton, c.i.f. La Guaira (for a carton containing 80 to 100 apples), depending on quality and variety.

How Sales Are Made

In the past, fresh fruit has been purchased by a large number of small independent firms. Recently many of these firms have united to form central buying agencies that purchase for their members. Each firm maintains refrigerated storage space in which the apples are kept at 2 degrees centigrade and can be stored for long periods. However, these little firms buy only small quantities on a regular basis; they must achieve a prompt turnover because their refrigerated storage facilities are so limited.

The Canadian exporter faces keen competition from U.S. suppliers both in credit terms and shipping facilities. U.S. exporters offer a price discount for advance payment, but usually sell on the basis of net 15-30 days. Venezuelan buyers sometimes accept letter-of-credit terms if the price for the apples is reduced so that they can afford local financing. Retail market fluctuations have at times created a situation where some apple importers have found themselves heavily stocked because of slow sales to retailers. Payments on credit extended for imports have thus been somewhat slow.

More shipping lines with refrigerated storage facilities serve Venezuela from the U.S. than from Canada, giving the buyer shorter waiting periods between shipments. Refrigerated storage is available from Canadian ports, however, and Canadian exporters can easily make arrangements to serve Venezuelan customers on a regular delivery schedule. Some Canadian exporters prefer to sell in this market through U.S. export houses and tranship through the United States.

Packing Important

The Venezuelan merchant prefers apples packed in heavy cardboard cartons containing 80 to 100 apples and weighing about 22 kilograms. The buyers find that this type of packaging prevents bruising during shipment and that the apples keep better in cold storage. Apples shipped in wooden crates seem to fetch a lower price in this market.

In general, prices for apples in Venezuela are high and the market is promising and potentially profitable. Prices are generally quoted c.i.f. La Guaira or Maracaibo, Venezuela's two main ports. One Caracas firm that maintains its own vessel on fortnightly runs between La Guaira and Miami is prepared to accept quotations f.a.s. Miami. The ship has space for about 12,000 cases of apples on each trip.

As the Venezuelan market for fresh apples continues to grow, more Canadian exporters might well investigate the possibility of making sales here. Further details about the market and the names of suitable agents or direct purchasers may be obtained from the office of the Commercial Counsellor, Caracas. ●

78438-9—3½

Brazil's Steel Industry Progresses

Rapid expansion of local production has cut down imports of primary steel. Market continues to be promising for specialty steels and for certain steel products in short domestic supply.

C. M. KERR, *Assistant Commercial Secretary, Rio de Janeiro.*

BRAZIL, the principal steel producer in Latin America, has seen domestic ingot production expand from 483,000 tons in 1948 to 1.7 million tons at the end of 1958. This 1958 total compares with 1.1 million tons in Mexico, 349,000 tons in Chile, 230,000 tons in Argentina, and 143,000 tons in Colombia. Expansion plans of existing mills and the new mills expected to come into production in the next few years should mean that the present capacity will more than double by 1965.

Expansion Plans

Expansion plans are based on the projected rate of growth in Brazil's heavy and secondary industry, including two new industries that normally consume a large volume of steel products—motor vehicle manufacturing and ship construction. The motor vehicle industry, with a production of 61,000 units in 1958, consumed 59,000 tons of steel for those parts of the vehicles that are made in Brazil. However, with production expected to reach 110,000 vehicles in 1959 and the percentage of nationally-made parts stepped up, consumption should total approximately 144,000 tons of steel this year and 220,000 tons by 1962.

The shipbuilding industry, although it has been operating in a small way for many years, has been given an important rôle in Brazil's development plans because of the need to replace the aging merchant fleet. Government authorities estimate that new shipyards now under construction or scheduled to be built in the next few years will consume 4,000 tons in 1960 and 40,000 tons in 1963.

However, leaders in the steel industry predict that demand will grow more rapidly than recent government studies anticipate. In addition, because of delays encountered in obtaining suppliers' credits for medium-term financing of capital equipment needed for new steel mills, they doubt whether the domestic industry's steel ingot capacity will reach the 3.5 million-ton mark by 1965.

The Producers

Principal producers in 1959, with comparative figures for 1956 and projected estimates for 1960 and 1962, appear in the table below.

The largest producer in the Brazilian steel industry is the Companhia Siderurgica Nacional (National Steel Company), cited by Latin American economists and industrial planners as a shining example of mixed state and private participation in a vital sector of the industrial economy. Located at Volta Redonda in the State of Rio de Janeiro, some 106 kilometres from the federal capital, the big integrated steel mill is the centre of a planned community of 60,000 and came into production in 1946 with equipment purchased in the United States. A number of additions have been made to the plant since then and in 1958 output of steel ingot there reached 811,000 tons, or almost 50 per cent of domestic ingot production. With the inauguration of a new Siemens-Martin furnace this year, ingot capacity will rise to 950,000 tons. A new rolling mill scheduled to come into production in the first half of 1960 should help to relieve the domestic shortage of cold rolled steel sheets.

The remaining steel producers listed in the table do not compare in volume or complexity of operation with the National Steel Company but they are nevertheless important producers of rolled products and specialty steels. Principal product of Companhia Siderurgica Mannesmann is seamless steel tubes.

PRINCIPAL BRAZILIAN STEEL INGOT PRODUCERS

Producer	1956	1959	1960 (est.)	1962 (est.)
	('000 metric tons)			
Companhia Siderúrgica Nacional (CSN)	740	920	1,100	1,300
Cia. Siderurgica Belgo Mineira	213	300	320	500
Mineração Geral do Brasil Ltda.	160	210	220	250
Cia. Siderúrgica Mannesmann	70	100	100	100
Cia. de Aços Especiais Itabira (ACESITA)	43	55	65	120
Cia. Siderurgica Paulista (COSIPA)				500
Usinas Siderurgicas Minas Gerais (USIMINAS)				350

BRAZIL'S STEEL PRODUCTION AND IMPORTS

(in thousands of metric tons)

	Sheets and Plates					Shapes, Sections, etc.					Ingots				
Year	Production	%	Imports	%	Consumption	Production	%	Imports or Exports	%	Consumption	Production	%	Imports or Exports	%	Consumption
1948	125	52	115	48	240	256	77	76	23	332	483	62	299	38	782
1949	172	58	125	42	297	293	74	104	26	397	615	65	326	35	941
1956	478	78	135	22	613	596	86	97	14	693	1,470	82	300	18	1,637
1957	504	79	130	21	634	626	86	100	14	726	1,647	83	300	17	1,770
1960	806	74	277	26	1,083	873	78	244	22	1,117	2,206	76	694	24	2,900
1962	1,226	96	47	4	1,273	1,436	113	*+160	+13	1,276	3,552	105	*+152	+ 5	3,400
1965	1,571	99.5	7	5	1,578	1,697	109	*+143	+ 9	1,551	4,297	105	*+177	+ 5	4,120

*Available for export.

Two large new mills are scheduled to come into production in 1962. One of these, the Companhia Siderurgica Paulista (COSIPA), will be located in the State of Sao Paulo near the port of Santos. Initial capacity will be 500,000 tons of steel ingot but present plans call for an eventual capacity of one to two million tons. The company's rolling-mill facilities will be geared to meet the needs of the domestic automotive industry, most of which is located in the Sao Paulo region. Capital for the project has come from the National Economic Development Bank, the State of Sao Paulo and the National Steel Company. However, both federal and state authorities say that there is no intention of making COSIPA a state-owned mill.

The other big mill scheduled to come into production is Usinas Siderurgica de Minas Gerais (USIMINAS) to be built at Ipatinga in the State of Minas Gerais, in the heart of Brazil's largest iron ore holdings. This company's specialty will be extra large plates for the new ship-construction industry. USIMINAS represents an investment of approximately $200 million; 60 per cent of the capital is Brazilian and the remaining 40 per cent comes from a Japanese group that includes Fujii Steel Company, Yawata Steel Company, Nippon Steel and Ishikawajima.

Raw Materials

The principal raw materials for Brazil's steel—iron ore, manganese, dolomite and limestone—are close at hand for most of the steel mills. In fact, many of the mills are located in the State of Minas Gerais because it has iron ore and the additives in abundance. With few exceptions, the larger steel producers obtain iron ore from their own ore deposits. One raw material not readily accessible is coal. Brazil's chief coal mines are located in the southeast in the State of Santa Catarina. Production from these mines falls far short of the steel industry's requirements and rail and sea transport facilities to the north are still inadequate.

In 1958 the National Steel Company consumed approximately 705,000 tons of coal. Only 256,000 tons came from domestic coal mines and the remainder was imported from the United States. Imports of metallurgical coke totalled 40,000 tons. A number of the other steel producers have for technical reasons substituted charcoal for coal, using the fast growing eucalyptus tree

A view from the air of Volta Redonda in the State of Rio de Janeiro shows in the foreground the huge integrated steel mill of the National Steel Company, which began producing in 1946. The plant now turns out about one-half of Brazil's output of steel ingot.

found in large stands in Minas Gerais. In the past few years low-priced hydro-electric power has encouraged the installation of electric furnaces as the answer to the coal shortage. In spite of these alternatives and the more economic processes being introduced by coal-users, it is estimated that, with current and planned expansion of the steel industry, Brazil will have to import 1.25 million tons of coal a year by 1965.

Imports and Domestic Prices

In spite of the remarkable progress made by the domestic steel industry in recent years, production still falls short of satisfying the growing demands of the home market. Yearly imports of rolled steel average 325,000 tons, to which must be added heavy imports of steel rails for use in the railway renovation plan. Experts estimated earlier in the year that import requirements of rolled steel would total 418,000 tons in 1960, 600,000 tons in 1961, 800,000 tons in 1962 and one million tons in 1963. Requirements for these years, however, will probably fall midway between these figures and the more conservative estimates of the National Economic Development Bank. The latter are 521,000 tons for 1960 (plus 694,000 tons of steel ingot to be used for rolling purposes by COSIPA and USIMINAS), 47,000 tons in 1962 and 7,000 tons in 1965. These figures are given in the table on page 15, which was prepared by the Bank for a conference of Latin American steel producers last September.

The table indicates that there will be excess production of ingots and shapes available for export from 1962 onward. Steel industry officials consider this estimate optimistic; they do not believe that domestic production will reach the predicted level by 1965 and think that demand will be greater than anticipated.

The main suppliers of imported steel over the three years 1956-58, in order of importance, were Germany, Sweden, the United States, Czechoslovakia and Poland. Actually, the combination in Brazil of lower labour costs, ready access to raw materials, and cheap hydro power makes it virtually impossible for primary steel imports to compete in price with products of the domestic industry. In addition, the domestic industry enjoys the protection provided by the high cost—in cruzeiro terms—of purchasing foreign exchange for imports. Thus sales to the Brazilian market are limited to certain specialty steels not produced domestically and items which are in short domestic supply, such as tin plate, cold rolled sheets, and extra wide heavy plate.

Opportunities for Canadians

Over the next few years, according to the National Steel Company (which is now importing and distributing most of these products), Brazil's minimum yearly requirements will reach approximately 50,000 tons of tin plate, 50,000 tons of cold rolled plate of special quality for extra deep drawing and 20,000 tons of heavy plate (extra wide) for use in shipyards and boiler construction.

Because of Brazil's foreign exchange problem, offers which include three-year grace financing or purchase of Brazilian iron ore in exchange for steel are those most likely to be favourably considered. This also applies to heavy equipment needed for new mills or for the expansion of existing ones. It does not necessarily apply to light equipment, such as tools for maintenance and shops, instruments for temperature and pressure control, laboratory equipment, electrical equipment, and raw materials such as zinc, tin and coal.

It is in these lines that there are opportunities for Canadian exporters of primary steel products and equipment for the steel industry. In the years to come, and given the continued rapid expansion of Brazil's industrial economy, there should be increasing openings for Canadian suppliers of these products. ●

Spain Extends Irrigation

LARGE areas of arable land in Spain are practically barren because the rainfall is insufficient and irregular, but experts estimate that more than 10 million acres could be irrigated and brought into profitable production. Wheat is the leading crop and the total acreage sown equals that in France. However, Spain's output averages less than half of French production.

The present regime in Spain has made a sustained effort to increase agricultural production and thus save spending on imported foodstuffs. The greatest advances have been made during the past five years, largely because of the technical assistance given and loans made to Spain by the various agencies of the U.S. Government.

There are two outstanding irrigation developments—the Badajoz Development, financed by the Spanish Government, and Operacion Aragon, financed by ICA.

The Badajoz Development, located between Merida and the frontier of Portugal, will cover 308 thousand acres. Approximately 60 thousand acres are already under cultivation and the whole project will be completed by 1966. Eventually, 100 thousand people will occupy the area which was formerly a poverty-stricken stretch of waste pastureland. Cotton, hemp, alfalfa and potatoes are the chief crops of the area. The substantial increase in production of cotton and other crops will help significantly in saving foreign exchange and increasing Spains food supplies.

Operacion Aragon, which is located in the provinces of Zaragora and Huesca, is also nearing completion. The irrigation of approximately 675 thousand acres will provide an adequate standard of living for some 12,000 farm families. In contrast to the Badajoz Development, this area is designed primarily for the growing of wheat rather than increased settlement.

—M. T. STEWART,
Commercial Counsellor, Madrid.

A look at current expansion in Netherlands industry suggests increased business in future for Canadian suppliers—already making substantial sales in this market.

Dutch-Canadian Trade Expands

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE Netherlands shared in the rapid and sustained economic growth within the Common Market in 1959. Increased industrialization has keynoted Dutch postwar economic activity and the current buoyant conditions should stimulate further expansion. The Netherlands needs raw materials for industry and grains and other agricultural products for local consumption and for further processing for resale abroad. Canada is well placed to supply an important percentage of all of these.

Trade Prospects Good

The Netherlands offers easy access to the industrial heart of Europe. It has excellent shipping and other trade services, ready to serve overseas firms interested in reaching the large single European market now developing.

Long-range business prospects for Canadian exports to the Netherlands and elsewhere in the Common Market will depend partly on the tariff levels eventually established. But the immediate outlook for Canadian products in the Netherlands is good, if industry continues to expand in all sectors. There is virtually no unemployment in Holland. Both imports and exports are rising and the general pace of business is brisk. There is every indication that this situation will continue in 1960.

Canadian Goods in Demand

Trade between Canada and the Netherlands expanded during 1959. The volume of Canadian exports to Holland dropped slightly because of smaller wheat shipments, though they climbed again towards the end of the year; on a crop-year basis, therefore, Canadian wheat exports have improved during the last few months of 1959. The drought, which did not affect the grain-producing areas in the west of the country, damaged pasture lands in the eastern provinces; as a result, animal feedstuffs have had to be imported. Although the Dutch fruit crop was not appreciably lower, an accelerated demand for Dutch fruit in other European markets, principally Germany, is expected to boost indirectly Canadian apple shipments to Holland both for the domestic and the transit trade.

Increased industrial production should lead to bigger imports of industrial raw materials and components—such as asbestos, aluminum, iron ore and forest products —from Canada and elsewhere. At present, the Netherlands buys substantial quantities of Canadian lumber, pulpwood, plastic raw materials in primary form, oilseeds and business machines. The Dutch chemical industry continues to expand and competition in this sector is expected to increase. There are limited opportunities for the sale of specialized Canadian manufactured products to Holland, but competition is keen and becomes keener as industrial production in Europe broadens.

EEC Partners Increase Share

Holland's trade with three of its partners in the Euromarket, Italy, France and Germany, is increasing steadily. The three countries supplied 25.4 per cent of Dutch imports in the first seven months of 1959, compared with 24 per cent and 22.7 per cent in the same periods of 1958 and 1957. The Netherlands' exports to Germany, Italy and France accounted for 27.8 per cent of her exports to all countries in the period January to July 1959, against 26 per cent and 25.3 per cent in the comparable periods in 1958 and 1957. The rise in Netherlands-German trade was largely responsible for this increase. The quickening Netherlands trade with Common Market countries is attributed both to the 10 per cent tariff cut at the beginning of 1959 and to the liberalization of quotas for internal Euromarket trade.

Foreign Trade Expands

Netherlands foreign trade improved in the first nine months of 1959 over the same period in the

NETHERLANDS TRADE

	Imports	Exports	Balance	Imports plus exports	Covering %
			(in million guilders)		
3rd quarter 1958	3.34	3.07	—0.27	6.41	92 per cent
3rd quarter 1959	3.72	3.37	—0.35	7.09	91 per cent
Jan.-Sept. 1958	10.08	8.90	—1.18	18.98	88 per cent
Jan.-Sept. 1959	10.92	9.78	—1.14	20.70	90 per cent

previous year. Although imports in this period* (Fl.10.92 million) exceeded exports (Fl.9.78 million), the trade deficit (Fl.1.14 million) was below that for January-August 1958 (Fl.1.18 million). It is anticipated that the trade deficit for 1959 will be about the same as in 1958 (Fl.1,500 million), but that Netherlands overseas earnings for the year from shipping, banking, insurance and other trade services will total Fl.1,600 million.

There is a solid foundation for increased commercial exchanges between Canada and the Netherlands. Dutch banks, insurance and transport companies are now well established in Canada and Dutch exporters continue to increase their sales to this country. Dutch shipments to Canada are becoming more diversified. They are now composed mainly of machinery; electrical, medical and scientific apparatus; food and beverages; flower bulbs and nursery stock; textiles; metal products, and pharmaceutical and medical goods.

Netherlands industrialists are aware of the importance of the Canadian market but they are concentrating on expansion at home to take advantage of the improved opportunities of the Common Market. Canadian industrialists seem to be developing a growing interest in the Netherlands as a base for establishing branch plants, or for making licensing arrangements to serve the Netherlands and the Common Market.

*About four florins (guilders) equal one Canadian dollar.

Import Liberalization

Canadian exporters should benefit from Dutch import liberalization introduced in 1959. The products liberalized included synthetic resins, hides and skins, some paper products and milk powder. (See *Foreign Trade,* May 23, 1959.) In the past ten years Canadian exports to Holland have risen by 50 per cent. Today, with the move toward liberalization, prospects are that this business will continue to flourish and expand. ●

Transportation Notes

Brazil

OIL FLEET BUILT UP—Petrobras, Brazil's national oil company, has signed an agreement with the Danish firm of Burmeister & Wain of Copenhagen for the construction of six tankers of 10,000 tons each, worth 100 million kroner. The vessels are needed for coastal transport of petroleum byproducts because of the increased capacity resulting from the expansion of refineries in Bahia and Cubatão, and the construction of the new refinery in Duque de Caxias, Rio de Janeiro. The tankers will be ready for delivery by June 1960 and will contain the latest equipment. With the purchase of these six vessels, Brazil's petroleum fleet will be the largest in Latin America—Rio de Janeiro.

Colombia

JOINT AIRLINE PLANNED—The same countries that started the merchant shipping line known as the Flota Mercante Grancolombiana are now investigating the possibilities of establishing a Flota Aerea Grancolombiana in the air-transport field. AVIANCA (Aerovias Nacionales de Colombia) of Colombia is initiating the project. Directors of this company are studying a possible amalgamation with the airlines of Panama, Ecuador and eventually Venezuela. With the introduction of high-cost jets in international travel, the directors feel that the Grancolombiana countries should pool their resources as Scandinavian and other European countries have done, to maintain a competitive air-transport service—Bogotá.

NEW AIR TERMINAL—The new $9 million international airport at Bogotá was expected to be ready for use by piston-type aircraft before the end of 1959. Jet aircraft will begin using the new airport early this year—Bogotá.

NEW AIR SERVICE—A new company, Petroleum Helicopters de Colombia Ltda., has recently been established to service petroleum and other industrial organizations operating in Colombia. It is expected that mining and oil companies will find this service particu-

larly useful because they often operate in widely separated places in jungle or mountains where other means of transportation have not yet been developed—Bogotá.

India

SHIPPING TONNAGE INCREASED—With the recent addition of one new tanker and seven secondhand vessels, India's merchant fleet now numbers 155 ships displacing about 720,000 tons gross weight. Indian shipping companies are also negotiating the purchase of ten secondhand ships totalling 28,000 tons. This tonnage, plus that of ships now under construction, will bring total Indian shipping tonnage to 832,000 tons gross weight—Bombay.

Italy

SHIPBUILDING—The Italian shipyards at Trieste and Monfalcone will build three passenger liners, one of which will displace 35,000 tons and the other two 20,000 tons each. Another 35,000-ton ship is to be built in the Genoa area; the two 35,000-ton vessels are intended for the transatlantic run.

The twelfth and last tanker ordered by the Esso Company was launched recently from the Monfalcone shipyard of Cantieri Riuniti Adriatici. Each tanker has a capacity of 36,000 tons and an over-all length of 688 feet. A total of 120,000 tons of steel went into the twelve tankers.

The first of a group of three 35,000-ton turbo tankers was delivered recently by an Italian firm of shipbuilders to a British tanker company. The tanker was built under the supervision of Lloyd's Register of Shipping and in accordance with the British Ministry of Transport specifications. It has an over-all length of about 690 feet and a breadth of 86 feet. With a full load, it will have a speed of 17.5 knots and cargo can be unloaded in 12 hours. The tanker was built on a prefabricated system, and much use was made of electric soldering—Rome.

Jamaica

JET SERVICE—The island's fast-growing tourist industry will be helped this winter by the inauguration of a pure jet service from Miami to Montego Bay. Using its biggest jet airliners, an American airline is providing both tourist and first class accommodation. The planes will fly into Jamaica from Miami, then on to Ciudad Trujillo, Dominican Republic, and from there to New York. An airline executive predicts that the bigger, faster pure jet airliners will boost the number of Caribbean visitors during 1960 by 20 per cent—Kingston.

PIER FOR MONTEGO BAY—Soundings are being made in Jamaica's fashionable resort centre, Montego Bay, to determine if there is a suitable site for a deep-water pier. At present ships have to be unloaded in Montego Bay by lighter and a pier would greatly ease the loading of banana boats and the unloading of freighters and cruise ships—Kingston.

Japan

PETROLEUM GAS TANKER—Japan's first pressurized tanker to transport liquid petroleum gases was expected to be completed by the end of 1959. The tanker, with a 540-ton capacity, is designed to transport liquefied butadiene over relatively short distances.

Although the vessel will be used only in Japanese coastal waters, there are suggestions that Japan may build other tankers to transport liquid petroleum gases from overseas—Tokyo.

Taiwan

U.S. SHIPPING SERVICE—The Taiwan Navigation Corporation has started a direct shipping service between Taiwan and the West Coast of the United States. Two ships, the *Hsinkaohsiung* and the *Keelung,* have been assigned to make one trip each per month. The company has indicated that if business expands it will put more ships on the run—Manila.

United States

DIRECT SERVICE PAYS—Four months ago the Daido Steamship Line of Japan started offering direct service between Japan and Jacksonville, Florida. Since then, direct imports from Japan to Jacksonville have risen 700 per cent. The first shipment in July consisted of 109 tons of general merchandise. The fourth, which arrived in October, was made up of 680 tons of general merchandise, wire and nails. In November, the shipment totalled 800 tons of general merchandise, wire, nails and steel—New Orleans.

Venezuela

NEW SHIPPING SERVICE—The Compania Anonima Venezolana de Navegacion recently inaugurated a new shipping service on the Pacific Coast. The Venezuelan line's new service will call at Vancouver in Canada; Seattle, Portland, San Francisco and Los Angeles in the United States; Acapulco in Mexico; San Jose in Guatemala; La Libertad in El Salvador; Ampala in Honduras; Punta Arenas in Costa Rica; Cristobal in Panama; Maracaibo, Cabello, La Guaira and Guanta in Venezuela.

The first sailing from Vancouver was the M/V *Sucre* about December 8. Two other ships, M/V *Anzoategui* and M/V *Yaracuy,* will be employed, sailing from Vancouver every three weeks.

Empire Shipping Company Limited are the agents for the Venezuelan line in Vancouver.

Denmark Strengthens Agriculture

The Danes negotiated significant bilateral agreements last year with Britain, Sweden and Switzerland; passed important agricultural legislation of their own. The result? Surer export markets and more protection for Danish farm products.

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

LAST year was a fairly good one for Danish agriculture. Meat and dairy production rose during the first half, and though the grain harvest was probably cut by about 10 per cent because of the prolonged summer drought, the quality of the grain was excellent. Good grades are expected to boost delivery from farms and to increase imports of low-cost feeds. The value of agricultural exports rose in 1959, and legislation enacted during the year extended the grain scheme and introduced a system to strengthen returns from dairy products sold in the domestic market.

Denmark and the EFTA

The outstanding development of the year for Danish agriculture was the negotiation of the European Free Trade Association (The Outer Seven). The convention was signed in Stockholm on November 20 and awaits ratification by the respective parliaments. It involves Denmark in the eventual elimination of tariffs on industrial products imported from other members of the Association. Agricultural products are excluded from the tariff provisions. To justify its adherence to the convention as a country primarily concerned with the export of agricultural products, Denmark has negotiated bilateral agreements with the United Kingdom, Sweden and Switzerland covering direct concessions on agricultural products not otherwise provided for in the convention. Danish authorities have stressed that in postwar years the easing of trade restrictions on agricultural products has not kept pace with the relaxations covering industrial products. Hence the Danes regard the recent bilateral agreements as something of a break-through.

When the Danish Government sought the approval of Parliament in July to proceed with negotiations for the Free Trade Association, the Danish Foreign Minister announced that he had obtained assurances from West Germany that German imports of Danish agricultural products would not suffer because of Danish participation in the EFTA. This was on the understanding that Denmark would work within the EFTA toward a broader European trade arrangement. This assurance is important because Germany is Denmark's second largest export market for agricultural products.

The Danish Foreign Minister then negotiated with the United Kingdom and obtained the following concessions:

Agreement with U.K.

- The Government of the United Kingdom agrees to conduct its import policies in a manner that will permit Danish agricultural producers to retain their position in the United Kingdom market and to share in the growth of that market.

- The Government of the United Kingdom intends to keep egg production and milk production within the limits of domestic demand.

- The Government of the United Kingdom will continue the policy for pork meat outlined in its White Papers for 1958 and for 1959.

- The Government of the United Kingdom promises to reduce customs tariff rates on bacon and on tinned meats by 50 per cent from July 1, 1960, and to make such imports into the United Kingdom duty-free from July 1, 1961.

- The Government of the United Kingdom promises that its bacon subsidies will not be operated in a manner to render ineffective the proposed tariff reductions on bacon.

- The Government of the United Kingdom promises that as from July 1, 1960, imports into the United Kingdom of Danablue cheese, Mycella cheese and tinned cream will be duty-free.

- The Government of Denmark may request the Government of the United Kingdom to take action, including customs tariff and quantitative import restrictions, whenever Danish agricultural exports to Britain are adversely affected or threatened by dumping of subsidized exports.

- The Government of the United Kingdom promises that Denmark will be granted quotas corresponding to a reasonable share of the British market should the United Kingdom introduce quantitative import restrictions.

Sweden Adjusts Import Duties

Denmark received assurances from the Swedish Government that it will not aim at expanding Swedish agricultural production and that Danish agricultural producers will be permitted to increase exports to Sweden in step with the growth of consumption in that country. Upon the entry into force of the EFTA, Sweden has promised to make appropriate adjustments in its import duties for beef, veal, horseflesh and canned meat, but not tinned pork; table potatoes, but not new potatoes in the period June 6 to July 5; sausages, fresh and tinned; cheese; egg products; flesh of poultry, and canned milk.

Sweden has also declared its willingness to transfer to Denmark upon entry into force of the EFTA 60 per cent of the proceeds from the Swedish import duty levied on the products listed above, as well as on butter and eggs imported from Denmark.

Other EFTA Moves

Switzerland has announced that it will take steps to enlarge its imports of Danish butter, cattle, meat and tinned meats.

At the signing of the convention last November the Danish Foreign Minister stated that Denmark would conduct bilateral negotiations with the other EFTA members: Norway, Austria and Portugal.

Agricultural Legislation

The Danish Grain Scheme for the 1958-59 crop year, reported in the October 25, 1958, issue of *Foreign Trade,* was replaced by a new grain scheme for the current crop year. This legislation adjusts the support prices previously provided for the principal grains to give more protection to domestic wheat and rye. It discourages the import of milo corn in relation to that of other feed grains in the interests of maintaining the quality of Danish bacon.

I DANISH GRAIN PRODUCTION

	1959 Unofficial	1958 Official
	(metric tons)	
Wheat	250,000	275,000
Rye	275,000	305,000
Barley	2,100,000	2,486,000
Oats	625,000	651,000
Mixed grains	675,000	764,000

II IMPORTS FOR AGRICULTURAL PRODUCTION

	1959 (Jan.-Sept.)		1958 (Jan.-Sept.)	
	'000 metric tons	Mill. kronor	'000 metric tons	Mill. kronor
Feed grains, bran, etc.	879.6	338.4	618.6	217.3
Oil cakes, etc.	492.3	256.1	394.7	170.4
Other feedingstuffs	36.7	29.7	41.5	40.1
Fertilizers	1,026.9	219.2	984.2	206.4
Other products		12.0		11.5
Total		855.4		645.7

III AGRICULTURAL EXPORTS

	1959 Jan.-Sept.	1958 Jan.-Sept.
	(million kronor)	
Bacon and other pork meat	911.6	871.5
Live hogs	79.3	52.3
Live cattle	381.6	316.6
Beef and veal	215.6	267.7
Butter	579.0	400.7
Cheese	247.2	201.3
Eggs and egg products	272.4	291.8
Other animal husbandry products	306.8	257.6
Meat (tinned)	350.2	341.7
Milk products (tinned)	145.6	133.9
Grains	102.5	159.6
Other agricultural products	283.6	299.7
Total	3,875.4	3,594.4
Percentage of Denmark's total exports	57.0	56.9

Under the new grain scheme regulations, the obligatory milling percentage for domestic wheat was raised from 55 to 75 per cent, and that of rye from 80 to 90 per cent for the period August 16-September 30; the rye percentage was later increased to 100 per cent. The

latter regulation now excludes imports of Canadian rye which had been finding a small but steady market in Denmark.

Also under the 1959 grain scheme, the embargo placed in June 1958 on Danish imports of milk powder for feed has been lifted. Skim milk powder imports at present are subject to import licence and to thorough testing by the Storch method.

Domestic Prices for Dairy Products. A new law covering domestic market prices for milk and dairy products was enacted in June 1959. It authorizes the Minister of Agriculture to impose a levy on all butter fats for consumption on the domestic market in the form of butter, milk and cream and their products, for the purpose of securing:

1. A domestic minimum initial butter price to producers of Kr.6 per kilo (about 39 cents a pound), irrespective of the average butter export price which previously regulated domestic butter prices.

2. A minimum domestic market price for milk and cream and their products, corresponding to an initial butter price to producers of Kr.6 per kilo.

In effect the law divorces domestic milk, cream and butter prices from the average butter export price, thereby protecting Danish producers against losses on the domestic market when export prices drop. Whenever butter export prices rise above Kr.6 per kilo (they are well above that at the moment), domestic market prices for butter, fresh milk, cream and their products are also allowed to rise.

Output, Imports, Exports

Unofficial estimates of the 1959 grain harvest are shown in comparison with 1958's official production in table I.

Although this year's total output of grains is below the 1958 volume, high obligatory milling percentages have been established for both wheat and rye because of the higher quality this year.

Denmark's wheat imports during the 1958-59 crop year totalled 148,000 metric tons. The biggest suppliers were the United States, the Soviet Union, North Africa and France. Canada's wheat exports to Denmark continued at a nominal 15,000 tons, though rye shipments were reduced as a result of the compulsory milling percentages.

Table II shows how Danish feed requirements rose during 1959—a result partly of the all-time record hog population and partly of the reduced yields and greater marketability of the year's crops.

All agricultural exports climbed in value during the first nine months of 1959 (table III) except for eggs and grains (principally malting barley). The sharpest upturn was in butter. Butter prices reflected the shortage in Europe caused by last year's drought and contrasted sharply with the situation the year before, when butter was in oversupply. ●

Trade Commissioners on Tour

The following officer of the Trade Commissioner Service is undertaking a tour in Canada. His itinerary is:

JOHN MACNAUGHT, Assistant Commercial Secretary in Wellington, New Zealand.

Ottawa—Jan. 18-29 Montreal—Feb. 1-3

Businessmen who wish to see Mr. MacNaught should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Budapest, Hungary, from January 11-13, and Zagreb and Belgrade, Yugoslavia, from February 10-17.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela, will visit the Netherlands Antilles late in January.

R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Bridgetown, Barbados, from February 1-6, and St. George's, Grenada, from February 7-10.

H. W. RICHARDSON, Trade Commissioner in Guatemala City, Guatemala, will visit Nicaragua and El Salvador from January 18-30.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Bangkok, Thailand, for two weeks beginning January 10.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Budapest, Hungary, from January 11-13, Bucharest, Romania, from February 1-4, and Prague, Czechoslovakia, from March 14-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gravel at Caracas, Mr. Renwick at Port-of-Spain, Mr. Richardson at Guatemala City, and Mr. Steers at Singapore.

Advertising Abroad

In Hong Kong, **newspaper advertising reaches the largest number of people, especially among the Chinese, who pass the papers from family to family.**

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

HONG KONG, a free port with few tariffs and a minimum of trade and currency controls, is one of the most competitive markets in the world. Goods of all types from all sources can be freely traded and advertising becomes even more important than it is in other areas. Virtually every medium is available to prospective advertisers. However, planning and executing advertising campaigns calls for knowledge of Hong Kong's peculiarities and Canadian companies should seek professional advice before launching any such program.

In considering the best approach to the problem of advertising in Hong Kong, the nature and composition of the population must be borne in mind. Accurate figures are not available but the population is estimated at approximately three million, comprising some fifty different nationalities. More than 99 per cent are of the Chinese race, mainly Cantonese but with representative groups from all districts in China. Of the approximately 23,000 Europeans, about 15,000 are from the United Kingdom and Commonwealth countries; Portuguese and Americans come next, in that order.

Using an Agency

Overseas companies that wish to advertise in Hong Kong sometimes leave the arrangements to their local agents who engage the services of advertising agencies in the colony. Normally, agents in Hong Kong do not share advertising costs with their principals but expect the overseas supplier to absorb all expenses. It is suggested that this procedure achieves the best results. Canadian companies may also make arrangements through their own advertising agents in Canada, some of whom have contacts in Hong Kong.

Among the large number of advertising agencies in Hong Kong only a small number approach western standards of qualifications and reliability. Some agencies can, however, offer facilities for complete market research and are considered as good as those found elsewhere. At least three of the foreign-owned agencies are organized on western lines and have Chinese departments to cater to the preponderance of Chinese-directed advertising. One of them is a large international company with offices in many parts of the world including Canada; the other two are local companies with connections among overseas agencies. Among the dozens of Chinese agencies, several are experienced and reliable. A company should, however, exercise extreme care in choosing one, because unethical practices are commonplace among the less reputable and money allocated for promotion activities is often wasted or used ineffectively. Many firms are little more than booking agencies with no facilities for design, translation or research. In general, over-all advertising costs are in the vicinity of 30 to 60 per cent less than in Canada. Most legitimate agencies work on 15 per cent of billings, though some do charge less.

Reaching the Chinese

At least 90 per cent of the advertising is directed at the Chinese population and this calls for particular care in adapting presentations. The Chinese are extremely conservative and brand-conscious and tend to favour well-known brands. Once they start using a particular brand it is difficult to induce them to change. The use of colour in advertising should be weighed carefully; red, a festival colour, is preferred to blue or gray, which are funereal colours. Advertising programs can be adapted to take advantage of the many Chinese festivals (such as Chinese New Year) and the seasonal festivals, when buying enthusiasm is high.

Newspapers Effective

The most effective advertising medium appears to be the newspaper; there are many in Hong Kong. To use them to best advantage the advertiser must decide which segment of the population he wishes to reach. Some Hong Kong papers cater to the business community and manufacturers; those more general in nature circulate among consumers. In Hong Kong as in Canada the type of products to be advertised will be the deciding factor in the choice of newspapers. There are three English-language

papers with circulations ranging from 7,000 to 15,000 and advertising in these papers is without doubt the most effective means of reaching the non-Chinese public and, to a certain extent, the foreign-educated Chinese business community. In drafting advertisements for publication in the English-language papers, the same principles should be followed as in Canada and results should be similar.

Advertising in Chinese papers, on the other hand, presents a number of problems and requires specialized knowledge and a specialized approach. There are six major Chinese papers, ranging in circulation from 30,000 to 75,000. These figures do not indicate the actual readership; the circulation figures should be multiplied by ten because it is customary among the Chinese to pass papers from family to family and, although each family may subscribe to only one or two papers, it frequently has access to many more. (In addition to the principal Chinese papers there are a number of locally produced Communist papers that have some circulation in South China. Advertisers with a special interest in reaching readers in China may possibly find these of some value.)

In the preparation of ads for inclusion in Chinese papers, it is usually not sufficient merely to translate English text. Illustrations and text must usually be completely rearranged and carefully reworded to avoid the possibility of offending religious or cultural beliefs or even superstitions that are prevalent among the Chinese. Furthermore, a literal translation may frequently convey a completely different meaning from the original.

Other Publications

A large number of magazines are published in Hong Kong but virtually none is a substantial enterprise and as a general rule, magazine advertising is not considered very effective. Exceptions are one monthly publication catering to the building trades and one dealing with economic affairs in the Far East. (The latter circulates widely abroad.) Both have a specialized readership and therefore should be effective for special products. The three local pharmaceutical publications can also prove their worth to those who want to advertise pharmaceuticals. Several tourist publications that are distributed free and live on advertising revenue are studied extensively as shopping guides by tourists and are probably effective, particularly for luxury goods. A number of directories are published and justify consideration by overseas advertisers. One monthly government publication is widely distributed in Hong Kong and abroad. So is another government publication put out once a year. Other privately published directories are also useful.

Radio and TV

Radio advertising is employed to some extent but is probably not as effective as the newspaper. It should, however, be used in combination with newspaper advertising, particularly in the introductory stages. Two commercial broadcasting stations accept advertising: one a wired service with some 70,000 sets and a listening audience of 600,000 and the other a conventional broadcasting station catering to about 60,000 licensed receiving sets with a listening audience of some 400,000. Programs are in English and Chinese and the special requirements for newspaper advertising in Chinese apply equally to radio advertising. Peak listening times differ with Chinese audiences, especially during morning hours, and programs directed at Chinese women should be scheduled no earlier than 11.00 a.m., because they are normally late risers. The Chinese usually have their evening meal about 6.00 p.m. but the European population eats considerably later, anywhere from 8.00 to 10.00 p.m. A wired television service is in operation but serves only about 3,000 sets and some 50,000 viewers. Most television sets are in the homes of wealthy Chinese and some advertising is done through this medium.

There are no regular international trade fairs held in Hong Kong but local products are displayed at the annual Hong Kong Products Exhibition. Other smaller fairs are organized from time to time, such as the Swiss Watch Manufacturers Exhibition arranged by the local agents of the Swiss watch manufacturers. Other special exhibits are held occasionally by overseas countries.

Other Media

Point-of-sale advertising is used in a limited way but is not considered very suitable for the Hong Kong market because of the overcrowding in most shops. The average life of counter display ads is said to be some six hours. Samples and giveaways of consumer goods are expensive and probably not too effective because of the large number of refugees and near-destitute people who are the main recipients but are not prospective buyers. Adequate precautions should be taken if giveaway programs are adopted: door-to-door campaigns or the surrender of coupons clipped from newspapers are recommended. Outdoor advertising on posters and billboards is used to some extent, but the authorities do not encourage it and have restricted its use; these restrictions will probably be increased. Posters, however, appear extensively on buildings and inside the passenger-ferry piers. Neon signs are everywhere and add much to the brightness of Hong Kong at night. All theatres, Chinese and English, have film-slide advertising and one minute and three-minute filmlets are shown at the start of regular programs. This method of advertising is expensive and does not always yield satisfactory results because many people make a point of arriving late to avoid the advertising. One Hong Kong advertising agency makes its own filmlets with local appeal. Advertising on the out-

side of streetcars and buses is not permitted but posters appear inside. Many agents and distributors operating their own vans advertise their products on the sides and back, and this appears to be extremely effective. Other popular forms of advertising include direct mail letters, folders, circulars, envelope stuffers, etc.

Of particular interest to overseas companies are the low-cost facilities in Hong Kong for the production of publicity material such as calendars, catalogues, brochures, etc. Excellent printing, both in black and white and multicolour, is done in the colony and a number of large international companies have their printing executed here and their publicity material distributed throughout the world, either through their local offices or through Hong Kong advertising agencies. •

South Africa Controls Decimal Machines

Canadians with business machines to sell will want to study the proposed regulations on imports, looking to introduction of decimal currency in the Union in 1961.

C. R. GALLOW, *Trade Commissioner, Johannesburg.*

THE changeover to a decimal system in the Union of South Africa, to take effect from February 1961, will not open up a free-and-easy market for the manufacturers of cash registers, adding machines, accounting machines, and so on. It has now been announced that the import of all types of monetary machines, even if proposed by firms already in business here, will be strictly controlled.

All business-machine firms already established in the Union will be assigned import quotas on the following basis:

• Imports of the individual firms for the three years 1956, 1957, 1958 form the base in determining future imports. The trend of imports either up or down over this period is also considered in estimating the probable foreign exchange requirements of each firm for 1960 and 1961, on the assumption that a change to a decimal system were not proposed.

• The assumption then made is that 85 per cent of the estimated requirements will cover new business and expansion, and 15 per cent the replacement of worn and obsolete machines.

• A second estimate is made of the total amount of foreign exchange needed to replace all pounds sterling machines that cannot be converted to decimals. This amount is divided among the machine companies in proportion to the estimated numbers of unconvertible machines that each originally sold.

• The two estimates are added together and a permit equal to 60 per cent of the total is to be the basic allocation for each company to cover the import of decimal machines from January 1, 1960.

• Demonstration machines may be imported before January 1, 1960, but will be charged against the basic allocation.

• Once this basic allocation has been used, additional permits will only be issued against orders from end-users.

• A small allocation to cover machines for stock purposes may be allowed.

• If existing machine companies propose to market types that they did not distribute as pounds sterling machines before December 1958, they will have to fulfill the requirements for newcomers set out below.

For New Firms

Firms that wish to enter the business machines field in the Union may do so by complying with the regulations. The procedure will be as follows:

A firm must:

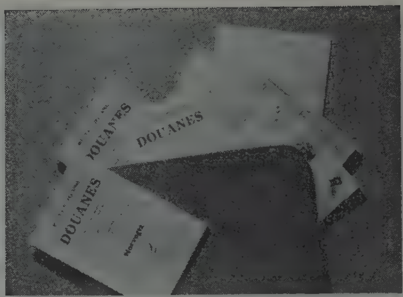
(1) Prove possession of a genuine agency granted by an established principal of satisfactory size and status.

(2) Import a few machines for demonstration purposes, after receiving permission.

(3) Using the demonstration equipment, show that there is a potential local market and satisfy the import control authority that the firm can provide adequate stocks of spares and facilities for distribution and servicing. A licence to import a limited number of machines will then be issued.

(4) Furnish satisfactory evidence that machines in excess of the initial permit allocation can be sold and that no complaints have been received about the equipment, spares, distribution or servicing. The allocation of permits will then be increased gradually to enable the newcomer to expand his volume of business.

Canadian manufacturers interested in exploring the prospects for their decimal equipment are invited to write to the Canadian Trade Commissioner in Johannesburg. •



Trade and Tariff Regulations

Argentina

CANCELLATION OF PRIOR DEPOSIT REQUIREMENTS—The President of Argentina has approved a decree cancelling the remaining prior deposit requirements for imports into Argentina. Up to now, imports not listed in one of the six import categories were subject to a 300 per cent customs surcharge, plus a prior deposit of 500 per cent on the c. and f. value of the goods as increased by the surcharge. Motor cars were subject to a similar deposit of 500 per cent on c. and f. value. Goods imported under confirmed letters of credit opened prior to the last exchange devaluation were subject to prior deposits of either 150 or 300 per cent on the c. and f. value as increased by a 40 per cent surcharge.

These prior deposits have now been cancelled and sums at present held in deposit will be returned immediately.

No change has been made in the customs import surcharges applicable to certain categories of imports, varying from 20 to 300 per cent according to the degree of essentiality which they are considered to represent to the Argentine Government.

IMPORT OF DEEP-SEA FISHING BOATS PERMITTED WITHOUT SURCHARGES—The Secretariats of Industry and Mining, Commerce, and Power and Fuels recently released the information that the Executive Power had authorized the import without customs surcharge of boats specially designed and equipped for deep-sea fishing.

Exemption from the customs surcharge will apply to boats which have been accorded import licences as of October 22, 1959, and within 360 days of that date. The Merchant Service and Port Authorities, the Fisheries Division and the Coastguard Administration are to certify that boats for which import permits are requested are of the type needed for deep-sea fishing. The Secretariat of Industry and Mining, in conjunction with the Navy Secretariat, will be responsible for issuing the documents authorizing exemption from surcharges to be presented to the Customs Administration—Buenos Aires.

France

ADDITIONAL LIBERALIZATION—Effective November 5, 1959, the Government of France has announced another liberalization measure freeing from restriction a list of products, including the following items of possible interest to Canadian exporters:

Certain cotton fabrics; velvets and plushes made from artificial textile fibres, conveyor belts made from cloth; some ladies' underwear; hats and ties; various other articles of clothing; roofing tiles, ceramic pipes; earthenware for chemical uses; various tools, including wrenches, files, rasps, and shears; cutlery; slide projectors; several electrical appliances; refrigerators, not compressor types; harvester-thresher machines and power-driven cultivators.

As in previous instances, import licences are required for liberalized products, but are issued automatically.

With minor exceptions, the liberalization of most products to date has been extended to imports into the French overseas territories of Martinique, Guadeloupe, French Guiana and Reunion.

Information regarding the status of particular goods may be obtained upon request from the International Trade Relations Branch.

Japan

IMPORT TRADE CONTROL RESTRICTIONS RELAXED—The Trade Bureau of the Ministry of International Trade and Industry on November 11, 1959, announced further relaxations in the import trade control restrictions of Japan.

The announcement provides for the removal of discrimination against the dollar countries on the remaining 10 items imported under the Automatic Approval System of import procedure. In January 1960, lauan, copper alloy scrap, gypsum and abaca fiber will be placed on a non-discriminatory basis. On the remaining six items—pig iron, scrap iron, beef tallow, lard, soybeans and cattle hides—discrimination will be removed as early as practicable.

In addition, in January 1960 the scope of items under the Automatic Approval System will be enlarged by the transfer to this system of some 65 items formerly imported under the Foreign Currency Allocation System. This list contains various organic chemicals, including antioxidants and accelerators and various phenol derivatives. Also transferred to the Automatic Approval System are 15 categories of food products

formerly imported only under barter arrangements, such as vermicelli, preserved vegetables, insect wax, bristles and pigs' hooves.

According to the announcement, the import of certain types of machinery and office equipment will be permitted without restriction, unless such imports produce undesirable effects on the balance-of-payments position of Japan or seriously hurt related domestic industries. Under this new import procedure (Automatic Allocation System), foreign exchange is allocated without limit on application to the Ministry of International Trade and Industry. This category comprises certain office machinery, medical equipment, and specific types of machinery, including chain saws and threshing machines.

Effective also from January 1960 some 34 consumer goods will be included under the new Automatic Allocation System. Among the products in this group are musical instruments and sporting goods.

Imports under this new system of global quota will be extended as soon as practicable by the addition of such items as television sets, raisins, whisky, confectionery, candies and certain high-priced textiles, which up to now have been imported only under bilateral arrangements. In addition, the Ministry of International Trade and Industry expects to permit the import of such items as fountain pens and binoculars, for which no foreign exchange has been available in the past.

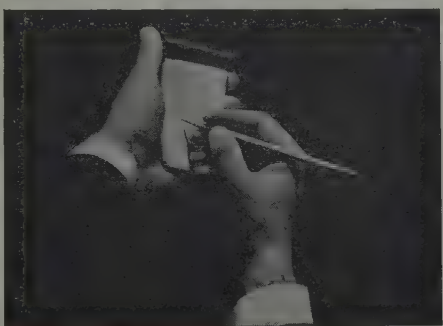
The complete schedules of commodities under the import trade control regulations of Japan affected by this announcement may be obtained upon request from the Asia and Middle East Division, International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

TARIFF COMMISSION INVESTIGATION OF LIVE SHEEP AND MUTTON—On December 2, 1959, the United States Tariff Commission instituted an investigation under section seven of the Trade Agreements Act to determine whether (1) lamb and mutton, fresh, chilled, or frozen, and (2) lambs and sheep are being imported in such increased quantities as a result of customs treatment reflecting concessions granted under the GATT, as to cause or threaten serious injury to the domestic industry.

The public hearing in connection with this investigation is scheduled for March 22, 1960, in Washington.

The present U.S. duty on live sheep and lambs is 75 cents per head; the duty on mutton is $2\frac{1}{2}$ cents per lb., and on lamb it is $3\frac{1}{2}$ cents per lb.



General Notes

India

METRIC SYSTEM—The Government of India has decided to introduce from August 1, 1960, the metric system for the levy and collection of customs duties. This will mark another important stage in the country's changeover to the new system. It was introduced in July 1958 in the jute industry, and in October of the same year in certain specified areas and in some major industries such as cotton textiles, iron and steel, cement, paper, salt, engineering, coffee, etc.—Bombay.

CZECHS EXTEND CREDIT—India has accepted a Czech offer to supply machinery and equipment for industrial projects under its Third Five Year Plan (1961-66). The assistance includes a heavy foundry forge project, a machine tool factory and a heavy electrical plant. The agreement, signed by representatives of the two countries on November 24, offers India a credit of about Can.$46 million in the form of a deferred barter transaction. The credit, which is to bear interest of $2\frac{1}{2}$ per cent, will be repaid over eight years by shipment of Indian products such as pig iron, manganese and iron ores, jute and textiles, beginning one year after Czechoslovakia completes its own deliveries against each project—New Delhi.

CONSULTING ENGINEERING—Canadian engineering consultants may soon have some difficulty in selling their services in India. The government-operated National Industrial Development Corporation (NIDC) is organizing a Technical Consultancy Bureau to cut

down on the need for foreign consultants in India. The bureau's functions will include preliminary studies, complete engineering designs, inspection of equipment at the manufacturer's site, and supervision of construction. For the time being, the bureau will confine itself to NIDC projects (mainly the manufacture of heavy engineering machinery, textiles and industry chemicals) but later it will cover other government departments as well as projects initiated by private firms—New Delhi.

Italy

NUCLEAR REACTORS—According to recent reports, a large nuclear power station, which it is said will be the most efficient in the world, will be completed in northern Italy within the next four years. The Export-Import bank has granted a loan of $34 million to the Istituto Mobiliare Italiano (a government-controlled investment institution) for this purpose.

The equipment will be supplied by International Westinghouse Electric, and will be operated by the Italian electro-nuclear company, SELNI. The project is expected to cost $64 million, and the Eximbank loan is intended to cover the cost of the reactor, the generator and other equipment, all of which are to come from the United States. The turbine is to be made in Italy under a Westinghouse licence. The reactor will be of the pressurized water type, and will generate power ranging from a minimum of 165,000 kw. to a maximum of 325,000. According to present plans, the station will begin operating in the spring of 1963.

Another nuclear power station is planned for the development of southern Italy, and the World Bank has granted a loan of $40 million to the Cassa per il Mezzogiorno—a state-controlled financial organization for the industrial development of southern Italy. It is believed that this is the first time that the World Bank has advanced funds for nuclear power development.

The second nuclear reactor built in Italy came into operation recently. It is of the "swimming pool" type and develops one megawatt of power, which is later to be increased to five megawatts. Two well-known Italian companies, Fiat and Montecantini, combined to form the firm Sorin, which built the reactor. The energy produced will be used by the two firms and a nuclear research centre is to be built at the site—Rome.

Jamaica

HOUSE CONSTRUCTION—Construction of new houses in all price ranges continued to boom in Jamaica during 1959 and prospects appear good for 1960. Builders avoid wood because it is susceptible to wood ants (termites), common in the islands. Most homes are made of cement block with metal windows and corrugated metal roofs, and are equipped with the lower-priced type of sinks and bathroom fixtures. Canadian manufacturers of these products will have no difficulty in selling in Jamaica if their prices are competitive with those of the United Kingdom and Europe—Kingston.

TOURIST ACCOMMODATION—Eight new hotels are being opened in Jamaica for the winter season. The hotels, being built in Port Antonio, Ocho Rios, Montego Bay and Kingston, will add about 900 beds to Jamaica's tourist accommodation, bringing the total up to 5,100—Kingston.

HOTEL TO BE BUILT—Final agreement has been reached on the new $3.5 million hotel to be built at New Kingston, north of Kingston's commercial centre. Excavation has already begun on the basement of the 200-room building to be operated as a member of a large American hotel chain—Kingston.

Norway

LOAN ON SWISS MARKET—Elektrokemisk A/S of Oslo recently raised a loan of 15 million Swiss francs (about 24.8 million kroner) on the Swiss capital market. The loan was issued at 99 per cent of par and will bear 4.5 per cent interest. The amortization period will be 15 years, with no repayment during the first five.

Elektrokemisk A/S designs and manufactures electric smelting furnaces, and produces aluminum, ferro-silicon, electrode paste and rock wool. It has just signed a contract with Koppers Company Inc., Pittsburgh, and Strategic Materials Corporation, Niagara Falls, for the construction and delivery of a number of smelting furnaces that Koppers will use for the new Strategic metallurgical processes in its plants throughout the world—Oslo.

HYDRO-ELECTRIC POWER—Machines representing a capacity of 612,000 kw. have been installed in new hydro-electric power plants during 1959—a record for a single year. At the end of 1958, the total machine capacity of Norwegian hydro-electric power plants totalled about 5.4 million kw. By the end of 1959, the machine capacity exceeded 6 million kw. Hydro-electric power plants produced 27,580 million kwh. in 1958 and were expected to boost this to some 29,000 million kwh. in 1959. Norwegian consumption of electrical energy per capita is now nearly 50 per cent higher than in Canada and practically twice that of the United States, Sweden and Switzerland—Oslo.

Index to *Foreign Trade*

The index to Volume 111 of "Foreign Trade", covering the issues from January 3, 1959, to June 20, 1959, has now been printed. Readers who wish to have copies should write to the Editor.

Foreign Trade Service Abroad

Bentley's Second Phrase Code is used by Canadian Trade Commissioners

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis Canadian Government Trade Commissioner R. A. Bull Assistant Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Secretary C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Hilda 3306

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor J. M. Knowles Assistant Commercial Secretary	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Tel.:* 8138
France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor G. F. Mintenko Assistant Commercial Secretary W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 21971
Germany	E. H. Maguire Consul J. M. T. Thomas Vice Consul	Canadian Consulate 69 Ferdinandstrasse HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Tel.:* 4824
Greece Israel, Turkey	L. D. R. Dyke Acting Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5 Avenida 10-68, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 27743
India	B. A. Macdonald Commercial Counsellor J. R. Midwinter Assistant Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 35201
India Calcutta, Madras, Goa	H. A. Gilbert Canadian Government Trade Commissioner G. P. Morin Assistant Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
Iran	W. Van Vliet Commercial Counsellor (temporary)	Canadian Legation TEHRAN	*Mail:* Central P.O., Box 1610 *Cable:* CANTRACOM *Tel.:* 49291

Territory	Officer	City Address	Mail and Cables, Office Telephone
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	F. B. Clark Commercial Secretary A. A. Lomas Assistant Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan	L. A. Campeau Commercial Secretary J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary W. J. Jenkins Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	H. L. E. Priestman Consul General and Trade Commissioner R. H. Gayner Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571

Territory	Officer	City Address	Mail and Cables, Office Telephone
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	B. C. Butler Minister (Commercial) W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary D. B. Laughton Agricultural Secretary E. J. White Commercial Secretary (Timber)	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic) D. A. B. Marshall Agricultural Counsellor T. M. Burns Commercial Secretary J. D. Blackwood Assistant Commercial Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States—*con.*	H. E. Lemieux Consul and Trade Commissioner F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	Consul and Trade Commissioner (absent)	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California, (except the ten southern counties), Wyoming, Nevada (except Clark county), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor R. D. Sirrs Assistant Commercial Secretary J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.05090311.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 17	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01145	87.34	(1)
Austria	Schilling		.03711	26.95	
Australia	Pound		2.1312	.4692	
Bahamas	Pound		2.6640	.3754	
Belgium, Belgian Congo and Luxembourg	Franc		.01902	52.58	
Bermuda	Pound		2.6640	.3754	
Bolivia	Boliviano	Free	.00008329	12,006.43	
British Guiana	Dollar		.5550	1.80	
British Honduras	Dollar		.6660	1.50	
Brazil	Cruzeiro	General Category*	.004387	227.96	*Nov. 10 (2)
		Special Category	.002239	446.55	
		Official selling	.05030	19.88	(3)
Burma	Kyat		.1998	5.00	
Ceylon	Rupee		.1998	5.00	
Chile	Peso	Free	.0009045	1,105.58	(4)
Colombia	Peso	Certificate	.1487	6.72	
Costa Rica	Colon	Official	.1695	5.90	
		Controlled free	.1431	6.99	
Cuba	Peso		.9516	1.05083	tax 2%
Czechoslovakia	Koruna		.1322	7.56	
Denmark	Krone		.1379	7.25	
Dominican Republic	Peso		.9516	1.05083	
Ecuador	Sucre	Official	.06344	15.76	
		Free	.05422	18.44	
Egyptian Region, United Arab Rep.	Pound	Official	2.7325	.3660	
		Export account selling	2.0950	.4773	
El Salvador	Colon		.3806	2.63	
Fiji	Pound		2.3400	.4273	
Finland	Markka		.002974	336.25	
France, Monaco, etc.	Franc		.001939	515.73	(5)
French colonies	Franc		.003874	257.86	(6)
French Pacific	Franc		.01066	93.81	(7)
Germany	D Mark		.2281	4.38	
Ghana	Pound		2.6640	.3754	
Greece	Drachma		.03172	31.52	
Guatemala	Quetzal		.9516	1.05083	
Haiti	Gourde		.1903	5.25	
Honduras	Lempira		.4758	2.10	
Hong Kong	Dollar	Free*	.1664	6.01	*Dec. 4
		Official	.1665	6.01	
Iceland	Krona	Official	.05843	17.11	(8)
India	Rupee		.1998	5.00	
Indonesia	Rupiah	Official rate	.02115	47.29	(8)
Iran	Rial		.01256	79.60	
Iraq	Dinar		2.6644	.3753	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Dec. 17	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6640	.3754	
Israel	Pound		.5286	1.89	
Italy	Lira		.001532	652.74	
Japan	Yen		.002643	378.36	
Lebanon	Pound	Free	.3009	3.32	
Mexico	Peso		.07613	13.15	
Netherlands	Florin		.2523	3.96	
Netherlands Antilles	Florin		.5084	1.97	
New Zealand	Pound		2.6640	.3754	
Nicaragua	Cordoba	Effective buying	.1442	6.93	
		Official selling	.1349	7.41	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.1998	5.00	
Panama	Balboa		.9516	1.05083	
Paraguay	Guarani	Official	.007832	127.68	
Peru	Sol	Certificate	.03435	29.11	
Philippines	Peso		.4758	2.10	
Portugal & Colonies	Escudo		.03321	30.11	(9)
Singapore and Malaya	Straits Dollar		.3108	3.22	
Spain and Dependencies	Peseta		.01586	63.05	
Sweden	Krona		.1837	5.44	
Switzerland	Franc		.2205	4.53	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04529	22.08	(8)
Turkey	Lira		.1057	9.46	(8)
Union of South Africa	Pound		2.6640	.3754	
United Kingdom	Pound		2.6640	.3754	
United States	Dollar		.9515625	1.05090311	
Uruguay	Peso	Free	.08477	11.80	
		Basic buying	.6289	1.59	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2840	3.52	
West Indies Fed.	Dollar		.5550	1.80	(10)
	Pound		2.6640	.3754	(11)
Yugoslavia	Dinar	Official	.003172	315.26	(8)
		Settlement rate	.001506	664.17	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Markets in Brief

ITALY

Area: 119,733 square miles.

Population: 49 million.

Climate: temperate—but warm and dry in non-mountainous areas in summer.

Language: Italian; French and English known to limited number.

Currency: lire; Can.$1=lire 653; U.S.$1=lire 620 as at November 16, 1959.

Weights and measures: metric system.

Capital: Rome.

Chief ports: Genoa, Naples, Venice, Trieste, Bari, Palermo (Sicily).

Marketing centres: Rome (population) 1,874,469; Milan 1,384,666; Naples 1,115,798; Turin 889,249; Genoa 736,135; Palermo 570,568; Florence 411,962; Bologna 399,739; Catania 344,786; Venice 336,909.

Economy: industrial and agricultural. Rapidly expanding economy; encouragement given to foreign investments; oil and natural gas exploration; shipbuilding; hydro-electric and nuclear energy production; automobile and chemicals manufacturing; handicraft industries; fashions.

Total Italian imports: in 1958, U.S.$3,200 million; in 1957, $3,700 million.

Chief imports: 1958 (value, in per cent)—agricultural products 12.5, livestock and products 7.2, non-metallic minerals 20.1, metal ores and scrap 5.8, foodstuffs 7, metal products 7.7, machinery and equipment 8.1, chemicals 6.5.

Chief suppliers: 1958 (in per cent)—United States 16.2, West Germany 12.1, United Kingdom 5.5, France 4.7, Austria 4.7.

Value of imports from Canada: 1958—Can.$30 million, 1957—Can.$63 million.

Chief imports from Canada: (Can.$ million) fine nickel 3.8; drugs, chemicals 2.9; copper 2.9; pig iron 2.8; rapeseed 2.2; wheat 2.0; wood pulp 1.5; scrap iron, steel 1.3; aluminum 1.3; pulpwood 1.2; fish products 1.2.

Total Italian exports: 1958—U.S.$2.5 million; 1957—$2.6 million.

Chief exports: 1958, (in per cent): agricultural products 12.9, foodstuffs 6.4, textiles 12.6, machines, equipment 10.9, means of transport 13.7, metallurgical products 7, petroleum and coal-distillation derivatives 7, chemicals 6.9.

Chief markets: 1958 (in per cent)—West Germany 14.3, United States 9.7, Switzerland 6.9, United Kingdom 6.8, France 5.3.

Value of Canadian purchases: (Can.$ million): 1958, $33; 1957, $33.

Chief Canadian purchases: 1958, (Can.$ million): woollen fabrics 2.6; tomatoes, paste, pulp and puree 2.5; automobiles 1.3; boots, shoes 1.2; cheese 1.2; cherries 1.1; office machines, parts 0.9; wines, liqueurs, 0.9.

Dollar exchange: freely available for all liberalized imports, but a number of items still subject to import licences.

Prices: quote in U.S. or Canadian dollars, f.o.b. or c.i.f.

Samples: if of commercial value, duty has to be paid on them; otherwise samples may enter Italy free of duty.

Trade agreements: Canada and Italy exchange most-favoured-nation treatment under a modus vivendi, as well as under the provisions of GATT.

Import controls, documentation, customs tariffs, marking and labelling: consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Correspondence: airmail only; letters 15 cents per half ounce.

For detailed information on this market write:

European Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Counsellor
Canadian Embassy
27 Via G.B. de Rossi
Rome, Italy
(by airmail only)

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada

JANUARY 16, 1960

foreign trade

CANADA

WHAT WEST GERMAN FARMERS PRODUCED (page two)

Established in 1904

foreign trade

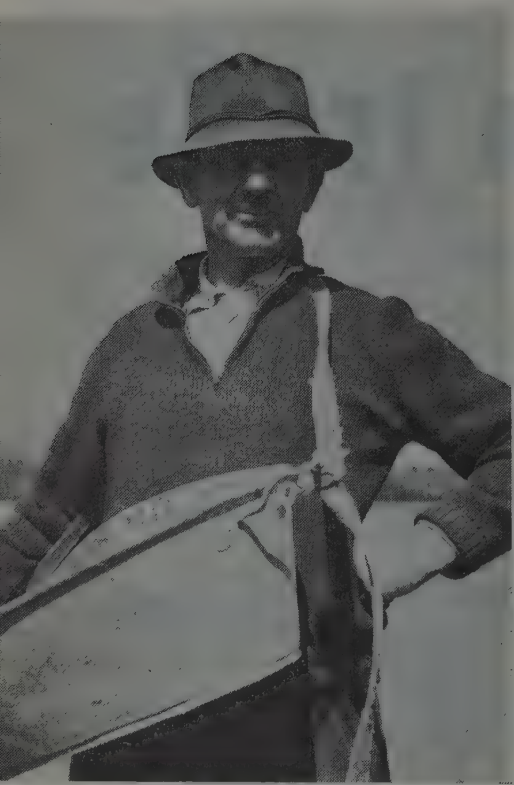
OTTAWA, JANUARY 16, 1960 Vol. 113, No. 2

cover A West German farming family gathers in the rye harvest at Bleidenstadt; the Germans look upon rye as a bread grain and usually produce about 3½ million tons a year. For a report on all phases of German agricultural production and on the prospects for foreign suppliers, particularly of grain and fruit, turn to the article on page two.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.



What West German Farmers Produced

Size and quality of the West German crops influence strongly what Canada sells to this lucrative market. Our Bonn office reports on the 1959 harvest and discusses the implications for our agricultural exporters.

G. F. MINTENKO, *Assistant Commercial Secretary, Bonn.*

THE German agricultural year just ended was marked by a long, hot and dry summer. This affected farm production significantly and has important implications for the volume and pattern of Canada's agricultural exports to this country. The following paragraphs provide a sector-by-sector review of Germany's 1958/59 agricultural output and indicate her probable requirements in the coming months.

Grain Production

Although the dry summer gave rise to frequent reports of poor crop conditions during the growing year, the Federal Republic harvested in 1959 the largest grain crop in its history. At 14.41 million tons, it exceeded the previous record of 1957 by almost a million tons. Grain acreage continued to rise (0.3 per cent above 1958), but higher yields were basically responsible for the record crop. The production data are given in the table on page three.

Following a winter and early spring of favourable conditions, a prolonged dry spell set in at the end of May and caused fears of serious and extensive crop damage. Damage to the grain crop, however, was pretty well confined to light soil areas of northern Germany and was more than offset by generally favourable growing conditions in other areas. The result was that the wheat yield, at 3.37 tons per hectare, rose 17.4 per cent above the six-year average 1953/58.

Bread grains accounted for 8.6 million tons of the record crop. The out-turn of rye, which in Germany is officially reckoned entirely as bread grain, at 3.9 million tons, was 3.6 per cent larger than the 1958 crop, despite a 5 per cent decline in acreage. This drop in rye seeding was a reaction to the removal for the 1958/59 crop year of the former DM20 per ton premium for rye suitable for baking bread.

Wheat, one of Germany's principal field crops, throve under 1959 growing conditions. The 4.5 million tons harvested (32 per cent more than the 1953/58 average) were of an unusually high milling quality for German wheat.

As a result of the size and quality of the crop, effective January 1, 1960, German millers are required to use 75 per cent domestic wheat in their grist; the present percentage is 66. At the same time, the percentage of imported quality wheat that millers may use (now 28 and in 1955/56 as high as 34) has been lowered to 23. Germany's millers and bakers are among those who regret this progressive decline in the percentage of quality wheat that they may use. They point out that German eating habits (a fondness for sandwiches, for example) make

good percentage of quality wheat the flour grist essential.

The harvest of feed and industrial ains, at 5.8 million tons, was up per cent from the preceding year. espite this, feed grain prices have nded to rise, partly because of the irrent high livestock population it largely because of the poor outrn this year of hay and other tradional feedingstuffs such as sugar et and potato greens. To offset is tendency the Government has, least for the moment, abandoned traditional policy of limiting feedain imports to relatively small nounts. Tenders for feed-barley ports were opened in October and the end of that month 145,000 plications to import had been ceived.

ilseeds

Production of rapeseed, West ermany's main oilseed crop, deite a reduction in the guaranteed oducer's price from DM750 per n to DM660, at 58,900 tons was ghtly above 1958's out-turn. creage, in response to the price duction, fell by 17 per cent, but e yield increased by 23 per cent.

vestock and Livestock Products

According to the September 1959 nsus, the hog population stood at .29 million, compared with 15.4 illion a year earlier. This decline ill, however, soon be reversed as result of an upward trend in breedg. The number of sows in pig in ne 1959 stood 6.6 per cent higher an a year earlier.

In June 1959 the number of cattle the Federal Republic reached .77 million, a 4 per cent increase er the year. This rise is attributed the good fodder situation during e 1958/59 agricultural year. The bsequent deterioration in feeding pplies may be assumed to have off already an increase in ughterings and a trend towards decline in the cattle population.

The number of milk cows ineased by 2 per cent during the ar, enabling a record milk production of 18.33 million tons. Production per cow also increased by 4 per cent over the previous year and now stands 33 per cent above the prewar level. This steady increase in production per animal is credited to improved feeding and breeding practices. The production of quality milk from TB-free cows continued to be encouraged during the year, with a production premium of DM 0.03 per kilogram. Currently, milk production is down and the outlook for the remainder of the agricultural year is poor because of the long dry summer and consequent lower feeding standards and large slaughterings.

Commercial slaughterings during the year yielded 2.36 million tons of meat (up slightly over the previous year), including 1.4 million tons of pork and 0.8 million tons of beef. Imported animals contributed 15 per cent to these slaughterings and a net import surplus of 121,000 tons of meat also augmented the meat supply.

Per capita meat consumption established a new record of 53.3 kilograms. This figure has been increasing steadily since the currency reform of 1948 and during the period under review exceeded the prewar level for the first time. That there is in Germany a growing consumer preference for leaner types of meat is illustrated by the fact that per capita consumption of beef since the prewar period 1936/38 has increased by 8 per cent; pork consumption has fallen by 1 per cent.

WEST GERMAN GRAIN PRODUCTION

(in 1,000 metric tons)

	1958	1959	Average 1953/58	Per cent change from 1953/58 average
Rye	3,748	3,885	3,712	+ 4.7
Wheat	3,720	4,522	3,432	+31.8
Mixed winter grains	192	203	177	+14.9
Barley	2,423	2,843	2,225	+27.8
Oats	2,172	2,039	2,415	−15.6
Mixed summer grains	898	901	886	+ 1.8
Feed maize	13	13	18	−28.0
TOTAL GRAIN	13,166	14,406	12,865	+12

Butter output in 1958/59 totalled 375,255 tons, up 8 per cent over the preceding year. Production during the late summer and fall of 1959, however, dropped off considerably and despite substantial im-

German agriculture depends for its production on sturdy workers like the two pictured on these pages. The farmer on the left is from Westphalia; the woman below is doing the spring pruning at the Seven Hills vineyards in Bonn.

78439-7—2

ports and releases from government-held stocks, prices have been rising steadily. Pressure was expected to ease, however, during December.

At the time of the last poultry census in December 1958 there were in the Federal Republic 56.8 million chickens, an increase of 1.25 per cent during the year. That this increase will taper off is suggested by the fact that the number of laying hens increased by 1.8 per cent but the young chicken population grew by only 0.7 per cent.

Egg production in 1958/59 is estimated at 6,820 million, a rise of 4 per cent over 1957/58. Despite this increase, Germany remained an attractive market for egg exporters in neighbouring countries. The 4,700 million eggs imported in 1958/59 represented an increase of almost 18 per cent over the preceding year.

Fruits and Vegetables

Although final figures are not yet available, it is already clear that fruit production, as a result of the dry summer and the drastically reduced yields, was much below normal. Estimates put the crop at 53 per cent below last year's bumper one and 28 per cent below the average for the years 1953/58. Production of the more significant fruits was as follows:

WEST GERMAN FRUIT PRODUCTION

(in 1,000 tons)

	Average 1953/58	1958	1959
Apples	1,358	2,238	889
Pears	390	669	243
Plums and prunes	342	378	297
TOTAL (including other fruits)	2,523	3,857	1,832

Apple production in 1959 stood at only 65.5 per cent of the average of the previous six years and pear production at 62.3 per cent. To avoid excessive increases in price, the Government has opened import tenders for table apples and table pears. Canada is included as a source of supply in these tenders.

Acreage devoted to commercial production of vegetables fell by 6.4 per cent, thus continuing its declining trend. Yields were also low, with the result that the vegetable crop is estimated at 870,000 tons, only 77 per cent of the 1953/58 average. Of the major vegetables, peas were least affected by the dry growing conditions. Pea production dropped only a moderate 6,000 tons to 52,000 tons, but output of beans fell from 68,000 to 40,000 tons. To avoid shortages and price increases, substantial tenders for the import of canned vegetables and canned fruits have been opened much earlier in the year than is normal.

Other Crops

Quantitatively Germany produced a fair potato crop in 1959. The 22.7 million-ton crop is the same as 1958's and 2.3 million tons (or 9 per cent) smaller than the 1953/58 average. The quality, however, was low and it is estimated that in some areas at least, table potatoes do not account for more than 50 per cent of production.

Despite a slight increase in sugar-beet acreage, estimates put production at only 7.9 million tons (1958 =11.2 million tons). On the other hand, the sugar content of the 1959 crop, at 16.34 per cent, is 1.5 percentage points higher than last year.

Tobacco acreage and production continued in 1959 the steady decline in evidence for some years. Output, at 14,400 tons, was 27 per cent lower than in 1958. Some 60 per cent of the German crop is made up of cigar leaf and the remainder is largely Virginia type.

Outlook for Imports

At the time when the domestic grain crop was forecast at 13.6 million tons (actual out-turn was 14.4 million tons), the Government estimated that wheat imports of 2,035,000 tons would be necessary during the year ending June 30, 1960. Of this amount 1,020,000 tons are quality wheat, 310,000 durum wheat, and 705,000 filler and feed wheat. The larger than anticipated domestic crop will, no doubt, modify these estimates bu the Government has not yet announced any revised program. N imports of rye are anticipated durin the year. (Canadian agricultural imports into Germany in the first nin months of 1957, 1958 and 195 are given in the table below.)

PRINCIPAL AGRICULTURAL EXPORT FROM CANADA TO WEST GERMAN

('000 Canadian $)

	9 mos. 1957	9 mos. 1958	9 mos 1959
Quality wheat	32,715	21,174	25,17
Durum	8,333	8,354	8,73
Barley	7,987	826	5
Rye	1,177	960	26
Oats			1,11
Flaxseed	4,161	1,894	3,38
Rapeseed	1,976	1,887	30
Cattle hides	1,143	997	77
Calf skins and kips	109	407	36
Tobacco	903	611	85
Whisky	1,033	335	47
Clover seeds	168	239	15
Fur skins	441	346	39
Mustardseed	26	204	15
Fresh apples		432	2
Canned fruits	21	149	7
TOTAL	60,193	38,815	42,30

Source: Trade of Canada, *Exports*, DB

At the same time as it announce the wheat import program outline above, the Government estimate the country's requirements of imported feed and industrial grain at 3,220,000 tons—made up o 475,000 tons of malting barley (including malt), 480,000 tons of othe industrial grains, and 2,265,000 ton of feed grains.

Because of the very small cro in Germany and neighbourin countries, the outlook for import of Canadian fresh apples and pear and for canned fruits and vegetable is good. It has already been pointe out above that import tenders hav been opened for these products naming Canada as a possible sourc of supply. ●

Advertising Abroad

n Communist China, the circulation of ochures and pamphlets through the state trading corporations ovides the best initial approach to the market.

M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

ONE of the most difficult tasks nfronting the prospective exporter Communist China is the problem bringing his products to the atten- on of potential buyers. Under the stem of state trading in effect in hina, all purchases from Western untries are made by a number of ate trading corporations, each ecializing in specific types of ods. It is believed that these rporations make the final deci- ons about sources of supply for rticular commodities. There is tle doubt, however, that these ecisions are to some extent in- uenced by preferences expressed y end-users and by the various roduction ministries that are re- ponsible for implementing the roduction plans and the allocation f funds for particular purposes.

The problem then becomes one f reaching these three closely-con- ected elements in the Chinese sys- m—the trading corporations, the roduction ministries, and the end- sers. There are a number of pos- ble approaches, none of which is ntirely satisfactory but some of hich Canadian companies whose roducts have prospects of substan- al sales in China may find worth ivestigating.

lewspapers

A number of newspapers in China ccept advertisements from abroad and some of these papers have extremely large circulations. Because, generally speaking, consumer goods cannot be sold to China, newspaper advertising of such products has only limited value. It has, however, been used with some success by a number of overseas companies, particularly the Swiss watchmakers, and to a lesser extent by some European automobile manufacturers. Where newspaper advertising has been used, the object has been to reach senior officials, technicians, engineers and executives in the trading corporations, production ministries and in industry, because these people do have some influence in determining the sources from which goods will be purchased. No purpose whatever is served by arousing the interest of the general public. It is not possible to evaluate the effectiveness of newspapers as advertising media but such a paper as the *People's Daily*, with probably the largest circulation of any newspaper in the world, is certainly read by a large proportion of the literate Chinese.

Technical Journals

Suppliers of capital equipment and raw materials would find valuable the insertion of advertisements in some of the technical journals that circulate among technicians, administrative staffs and engineers. A number of these accept advertisements from abroad and the belief is that their specialized readers study them carefully. Such journals cover a wide field—including industry in general, machinery, electronics, chemicals, papermaking, pharmaceuticals, petroleum, metals, medicine, textiles, agriculture and engineering.

Brochures and Pamphlets

A more direct approach is the supplying of brochures, pamphlets and other publicity material to the trading corporations, ministries, and end-users. The problem of getting such material distributed is most difficult. Probably the most satisfactory way to circulate it is through the trading corporations, which will normally pass on the material to the appropriate officials and end-users. If this channel is not used, the overseas company is faced with two difficulties: first, the problem of locating the end-users, since there are no directories; second, the possibility of antagonizing officials in the trading corporations who may object to being bypassed. There are some 16 state trading corporations, each with head offices in Peking and branches in the principal centres. If the approach is to be made through the corporations, the first step is to ascertain which corporation handles the particular goods. The second step is then to contact the head office and each branch. Adequate quantities of literature should be supplied to enable the corporation to place it in the hands of all interested parties. The quantities needed will depend on the product and the estimated

78439-7—2½

number of end-users; for most raw materials, six sets of literature for each branch should suffice.

Films

Films are used extensively in Communist China as a means of propaganda and can effectively introduce products from abroad. It is doubtful if films will be put to adequate use if they are merely sent to China with the request that they be shown. The best method is for businessmen visiting China to take films with them, to be shown as opportunity presents. After this initial introduction, the films might well be left with the officials of the trading corporations or production ministries, in the hope that they may put them to work. This medium was used successfully in making sales of Canadian wheat to China in 1958. Although it is not possible to find out how much influence our film had on the final decision to buy wheat from Canada, it is likely that it was effective in arousing initial interest at least.

Trade Fairs

A more ambitious means of advertising in China is by the use of trade fairs. There are no international trade fairs at which overseas companies can exhibit but it is possible to arrange for national exhibitions, organized by private businessmen interested in trading with China, to be held in the principal centres. A number of Communist Bloc countries have held such exhibitions but it is not possible to determine the results. In addition, several Japanese exhibitions were staged in China before the Chinese imposed an embargo on trade with Japan, and a fairly large Indian exhibition was held in Peking in 1957. These exhibitions were reported to be very successful and are said to have led to large increases in trade. Plans have been under way for some time to hold a British exhibition in Peking but this project, which requires a great deal of planning, will probably not become a reality for another year or so.

One of the best means of trade promotion and the one which appears most favoured in China is the trade mission made up of businessmen who wish to trade with China. A large proportion of China's trade is done through the exchange of trade missions, particularly with Communist Bloc countries. Good results have, however, been achieved over the past two or three years by trade missions from Japan, West Germany, Italy, France, and a number of other countries. Trade missions should be privately sponsored, well balanced and include importers as well as exporters. The members should be thoroughly prepared in advance and should be in a position to finalize deals while they are in China. Co-operation between importers and exporters should be arranged so that an agreement by some members to purchase from China can be made conditional on Chinese purchases from others. This does not necessarily mean barter deals, but the Chinese do favour linked deals that result in no net loss of foreign exchange. A trade mission, to be effective, should visit the principal centres, including Peking, Tientsin, Shanghai and Canton. It should spend at least three weeks in China and advance preparations should include arranging the composition of the mission and correspondence with the state trading corporations. Applications for visas should be submitted at least three months before the expected date of departure.

Translation Problem

Whatever means is used to publicize goods in China, an effort should be made to adapt publicity materials to suit Chinese conditions. Few of the present generation of Chinese engineers and technicians have ever visited the West and their knowledge of the English language is limited. Naturally, advertisements in newspapers and technical journals should be published in Chinese, and since it is very hard to translate technical data into Chinese, this should be done by experts. Arrangements can be made to have translations and publicity material prepared in China but this is extremely costly and difficult to supervise. A more satisfactory method is to have the work done in Hong Kong, where there are translation facilities at reasonable cost and where efficient advertising agencies can be used to ensure that it is done suitably. It would be a real problem to translate complete catalogues into Chinese, particularly as there are no standardized technical equivalents in the Chinese language and in any case, lengthy translations are extremely expensive even if done in Hong Kong. It is suggested, however, that some small pamphlets might be prepared in Chinese and any illustrations should certainly carry descriptions in Chinese characters.

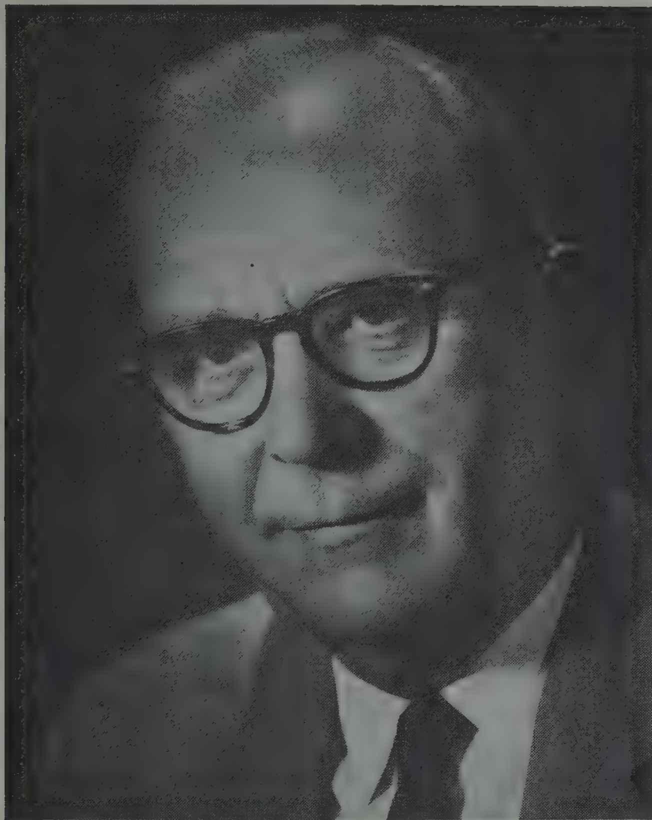
Initial Step

Most types of advertising in China are extremely expensive and until Canadian exporters can ascertain with some degree of accuracy that their products have a high sales potential, they should confine themselves to direct approaches to the trading corporations. It is also recommended that advertising programs in China be discussed thoroughly with the Trade Commissioner in Hong Kong before action is taken.

TV Comes to India

Television came to India, the first country in South East Asia to have a regular TV system, late last year, when a transmitting station was opened in New Delhi. The first program lasted for 90 minutes. It was seen by thousands of people gathered round sets installed in public places in and outside Delhi and included ballet, drama, songs and films.

Set up by the All India Radio, the station has a 500-watt transmitter and four cameras. It plans to broadcast programs twice a week within a radius of 12 miles.



John Hascall English 1901 - 1960

John Hascall English, Deputy Minister of Trade and Commerce, died in Ottawa on January first. In his thirty-four years with the Department Mr. English developed close contacts with businessmen throughout Canada, and they will feel that they have lost a personal friend. Many exporters travelling in foreign countries relied on his help and appreciated his hospitality in the days when he was stationed abroad. On his return to Ottawa in 1953 he renewed and extended his acquaintance with the business community. Even in his crowded days as Deputy Minister he always looked forward to talking with his business visitors, hearing about their successes and advising them on their problems.

John English graduated from the University of Alberta in 1926 with a Bachelor of Commerce degree and settled down to a career in accountancy. Within a year he chose to become a Trade Commissioner—a decision that he never regretted. He was "happy in the Service" and from that day on it held a central place in his life, second only to his family.

After preliminary training in Ottawa, he was posted successively to New York, Jamaica and Dublin and in 1933 to London, where he remained for six years. Just after the outbreak of war in 1939 he took over as Trade Commissioner in Johannesburg, a post to which he returned happily in 1946, following four years of wartime duty in Ottawa. One of his unfulfilled ambitions at the time of his death was to visit Africa once again.

His wartime assignment was the heading up of the Export Planning Division, first organized within the Department of Trade and Commerce but later transferred to the Wartime Prices and Trade Board. Its function was to work out export quotas for products in short supply, to prevent strategic goods from reaching the enemy by circuitous routes, to negotiate with other countries over the supply of goods from Canada, and to deal with related

problems. These duties he performed conscientiously.

From 1948 to 1953, Mr. English held the exacting position of Commercial Counsellor at the Canadian Embassy in Washington—an assignment that gave him scope to exercise his seasoned judgment and to use the skills developed in previous postings.

When he was appointed Director of the Trade Commissioner Service in 1953, he set out to adapt it to the times. He recognized that the role of the Trade Commissioner was changing and would continue to change and that the Service must realize this and plan accordingly. He laid stress upon the training of officers in economic reporting and in commercial policy, both at head office and in the field. He made more effective the recruitment of outstanding students from the universities as Foreign Service Officers, and he improved the conditions of service. He took a personal interest in each Trade Commissioner.

Almost at once he made plans for visiting many of the posts abroad. In 1954, he presided at a conference of Trade Commissioners serving in Europe, held in Rome. In 1955 he visited the offices in the Far East and attended the meetings of the Colombo Plan Consultative Committee in Singapore. On this trip he also spent several weeks in Ceylon, advising the Director of Commerce on the organization of trade promotion, including the establishment of a Trade Commissioner Service. In 1956 he organized a successful conference in Ottawa of the Trade Commissioners on duty in Latin America, and in 1957 he inspected the offices in Central America and the Caribbean.

His appointment as Assistant Deputy Minister in 1956 he prized chiefly as a recognition of the increasing stature of the Trade Commissioner Service, rather than as a personal preferment.

In May 1958 his career reached a climax when he was made Deputy Minister. Even in his short period in office he revealed his talent for grasping swiftly the essentials of a complicated problem and for working out an acceptable solution. He also demonstrated his skill in cooperation and his relations with other departments of government were particularly cordial and fruitful. Early last spring he travelled to Canberra as head of a delegation to negotiate a new trade agreement between Canada and Australia.

John English was a "professional" in the best sense of the word. He found his work as a Trade Commissioner completely absorbing and he brought to it both ability and dedication. Businessmen at home and abroad recognized in him a public servant of broad experience and a man of sound judgment. Many letters, including tributes from the Governor General and from Prime Minister Diefenbaker, testify to this and to the affection that he inspired. His warm smile revealed his own interest in people and he thoroughly enjoyed the entertaining that falls to the lot of the Foreign Service Officer. A dry wit, relished by his colleagues, testified to a sense of humour and a sense of proportion.

Businessmen in Canada and in many other countries will share our appreciation of the service he gave and our sorrow at his passing.

Foreign Investment in Spain

THE economic stabilization pla in Spain announced in the Decree Law of July 27, 1959 (see *Foreig Trade* of August 15, 1959, for in formation on aspects of the plan o importance to Canadian exporters contains new regulations governin the participation of foreign capita in Spanish enterprises. It appear that the Spanish authorities ar earnestly seeking to attract foreig investment by making the regula tions more liberal.

Foreigners may now invest i Spanish enterprises on the sam terms as residents of Spain, wit certain specific exceptions, such a those directly related to nationa defence and public information an usually those affecting public serv ices. They are also free to supply u to 50 per cent of the capital in a enterprise, in contrast to the forme 25 per cent. (Special permission wa occasionally granted for greate participation, but always less tha 50 per cent.) Foreign capital partic pation beyond 50 per cent may no be allowed if the foreign group fir obtains the authorization of th Council of Ministers. (Foreign o companies prospecting in Spain an its territories are covered by special law.)

The new regulations also mak provision for a reasonable return o capital invested and of dividend earned. Companies or enterprises o "special social and economic inte est" (specifically classified) no have the right to transfer abroad th profits earned on the foreign inves ment, in foreign currency and with out quantitative limit. Companie that do not obtain this special class fication are limited to the transfe abroad of 6 per cent a year on th capital invested.

Any Canadian investors intereste in this new deal on capital inves ment in Spain may write for furthe information to the office of th Commercial Counsellor, Canadia Embassy, Madrid.

—M. T. STEWART,
Commercial Counsellor, Madri

Melons, tomatoes, cucumbers, strawberries, lettuce —the barren, rocky island of Aruba today grows them all. The secret—hydroponic farming.

Aruba's New-Fashioned Farm

R. D. SIRRS, *Assistant Commercial Secretary, Caracas.*

T would be difficult to find a nore barren spot than Aruba. Yet his windswept little Caribbean island, fifteen miles off the coast of /enezuela, currently enjoys a relaively high degree of prosperity. This, of course, is almost entirely because of its oil-refining operation. With the largest oil throughput in he world, oil-refining provides most of Aruba's people with their livelihood. However, enterprising Arubans are not content to sit back and rely only on this industry. They hink of the future and realize that a stable degree of prosperity can best be ensured by promoting other economic endeavours.

The island's government has developed the tourist trade, capitalizing on Aruba's Dutch flavour, good shopping facilities and fine beaches. Luxury hotels have been established. In addition, a Free Zone and perhaps a chemical industry are hopeful prospects.

Farm Started in '58

However, the most unusual development is possibly Aruba's recently established hydroponic farm. It has made it possible for an arid land that supported only aloes and cactus to nurture a flourishing agricultural production unit. This farm, owned by the island government and operated by a scientific farmer from the United States, turns out tomatoes, cucumbers, cantaloupes, lettuce, peppers, egg plant, endives, escarola, scallions, parsley, beans, potatoes, strawberries, celery and squash. Production started in February 1958 and as of August 31, 1959, output totalled the equivalent of nearly 500,000 pounds.

The farm has been ingeniously devised to compensate for the island's unfertile soil, heavy winds and lack of water. The plants are grown in sixty concrete beds (each 3 x 60 feet) containing blown vermiculite mixed with gravel. Vermiculite, an inert material imported from South Africa and blown in the island's own furnaces, retards an otherwise excessive evaporation of the water obtained from the island's seawater distillation plant. Chemical plant-foods purchased from the United States are mixed in with this water and fed by gravity to each of the plant beds. This solution is later repumped to a central tank for redistribution. Approximately one-third of the water in the solution is used up during one plant-feeding operation.

Strong prevailing trade winds are offset by vertical lattice fences 12 feet high erected on the windward side of the beds. Gravel is used as an additional means of counteracting the wind by holding the plants firmly in place.

Markets Developed

Aruba constitutes the main market for the hydroponic farm and although local production costs are relatively high, its produce competes favourably with high-cost imports. The excellent quality has enhanced a growing local demand.

Foreign interest has also been keen. The United States is a firm customer for Aruba's cantaloupes during the winter months and this year also made a significant spot purchase of tomatoes. Curaçao is currently buying cucumbers, and may soon be importing other fruits or vegetables. Trinidad is an immediately promising market for Aruba's cantaloupes because of the U.S. personnel based there. It is doubtful whether other Caribbean markets could be readily secured because Aruba's relatively high production costs would make the produce prohibitively expensive in most of this region.

Outlook

The farm means little to Aruba in terms of over-all employment (it currently provides jobs for 30 people) considering the total population and the rate of increase of approximately 1,700 people per year. However, it has proved itself as a foodstuffs supplier and as a profitable venture. The plan is to increase production soon by a 50 per cent expansion of the farm's size and output. Recently a U.S. cigar manufacturer undertook to finance an experiment in growing wrapper tobacco, a special type, hydroponically.

The hydroponic farm, although it has succeeded in Aruba, which enjoys relatively high wages and a hard currency that makes it easy to import needed raw materials, would not likely be a successful venture in less prosperous Caribbean areas. It might, however, be worth considering for congested urban areas where transportation costs of truck-farm goods prove to be exorbitant. ●

Fairs and Exhibitions

A British Showcase for Foods

DO you want to show your foods to some 350,000 British buyers and consumers? Do you want to win a bigger share of the expanding British market for imported foods—the biggest market, in fact, in the world? According to experts at the Department of Trade and Commerce, Ottawa, the *1960 Food Fair,* September 1-17 in London, is one of the most significant ways to hit the U.K. food market this year. The fair is sponsored by the London *Daily Express* and promoted by the Food Manufacturers' Federation Inc., an association that includes a large proportion of the best known food manufacturers in Britain.

In 1958, the date of the last fair, 15 governments and 133 companies took space and many more are expected to do so in 1960, with the recent relaxation of U.K. import restrictions. Businessmen interested in exhibiting should write as soon as possible to the Director, Agriculture and Fisheries Branch, Department of Trade and Commerce, Ottawa.

Canadian Consumer Goods to Britain

CANADIANS are showing consumer goods in Britain for the first time in many years at the *Daily Mail Ideal Home Exhibition* in London, March 1-26. The exhibit, a large one, is sponsored by the Department of Trade and Commerce, Ottawa. It will be the Department's first full-scale effort at this consumer goods show, and will feature a wide range of goods that Canadians can expect to sell in Britain now that the U.K. Government has lifted restrictions on purchases of most goods from the dollar area. Some 1.5 million people—buyers and general public—are expected to attend.

The Canadian exhibits will be spread over three areas in the Olympia exhibition halls. In one building, with other international booths, the Canadian Government Exhibition Commission will set up a big (4,500 square feet), unified display of consumer goods, excluding foods. Another building will house the two remaining Canadian exhibits: a 2,500-square-foot food display, and the "Trend House", built by the British Columbia Lumber Manufacturers' Association.

The main exhibit, composed of booths and tableaux, will show Canadian consumer goods—washers, dryers, refrigerators, hi-fidelity sets, footwear, toys and plastic products. In one of the tableaux, Britons will see what a trade official has called "luxury" goods: a baby grand piano in blue, draperies, an evening dress, costume jewellery, fine living-room furniture, Eskimo carvings and handicrafts. The other showcase will be given over to sporting goods—such as water skis, swim suits, skin-diving gear, a boat, outboard motors, and camping, hockey and golf equipment.

Thirty-two Canadian firms are contributing to the food display. Some of them have agents in Britain who will be on hand to sell and answer questions; other firms are exhibiting in the U.K. for the first time. Some of the foods that should interest British buyers will include jams, sauces, honey, cheese, spaghetti, confectionery, fruit juices, pickles, canned salmon and lobster. Composite displays in front of the stand will show processed fruits and vegetables.

The Trend House, an eye-catcher in two previous shows, is designed to illustrate how Canadian woods are used in wood-frame construction. It is a big, split-level house with three bedrooms, kitchen, dining and living rooms; there are cutaways at significant spots to show how the woods are used. The house is being built at the show site and will be sold after the exhibition to the highest bidder.

Organizers in Ottawa expect that many, if not most, of the exhibits will be manned by firm representatives in the U.K. and from Canada—at least this is what they have been hoping for, because much of the show's success will depend on the "live" help that firms themselves are able to give. Trade Commissioners from British posts and A. C. Fairweather from the Commodities Branch of the Department in Ottawa will assist in handling inquiries.

World's Biggest Auto Show

FROM the Ambassador of Switzerland in Canada comes this information about the *30th International Motor Show of Geneva,* said to be the world's largest featuring the road-vehicles industry, with cars, trucks, trailers, motorcycles, boats, fuels and maintenance equipment on display from 16 countries. The dates this year: March 10 to 20. The address for hotel reservations: Association des Intérêts de Genève, place des

Bergues 3, Geneva. Additional information may be obtained from the Secretary of the International Motor Show, place du Lac 1, Geneva.

If You Sell Plastics . . .

THE office of the Commercial Counsellor in Brussels reports that an international exhibition of products of the synthetic resins industry, *Europlastica 60,* will be set up in Ghent, Belgium, from June 18 to 26, 1960. Participation is open to all nations, though European production and consumption will be stressed. This vertical fair will cover all plastic products, from raw materials to semi and fully manufactured articles, as well as machinery for the plastics industry. About 10,000 square metres of floor space will be for rent in the permanent exhibition buildings at 400 francs per square metre, with a minimum of 12 square metres per participant. Information may be obtained from the Office Belge des Matières Plastiques, Galerie du Centre, Bloc 3, Rue des Fripiers, Brussels 1.

In the Belgian "Black Country"

"TIMED for the European Common Market", say the organizers of the *4th International Technical and Industrial Exhibition* of Charleroi, Belgium, September 15-26. Charleroi, a city of half-a-million people, in the heart of the Belgian "black country", has played host at this fair since 1954 to as many as 981 firms from 18 countries. (There was a three-year interval between 1957-59 because of the Brussels World Fair.) Exhibition facilities include four modern halls equipped with 5, 15 and 40-ton overhead travelling cranes for moving heavy industrial machinery. Trucks have direct access to each display area.

Manufacturers of all types of machinery are invited to exhibit; the fair covers all main branches of industry and technology. Inquiries may be addressed to: Palais des Expositions, Avenue de l'Europe, Charleroi.

World Trade Fair in the U.S.

CANADIAN exporters looking for bigger business in the United States might consider showing their goods at the *United States World Trade Fair* in New York, May 4-14, 1960. This exhibition is given over to the display and sale of imported goods in these groups: consumer goods, foods and beverages, sporting goods, and technical and mechanical equipment. In addition, governments are invited to set up national pavilions.

This is an infant enterprise (established in 1957) but attendance so far indicates that it has already been a success. In 1959, 3,000 exhibitors from 63 countries set up displays and the turnstiles clicked over for some 551,000 visitors from 71 foreign countries.

Interested businessmen may obtain more information by writing to the U.S. World Trade Fair, 331 Madison Avenue, New York 17, N.Y.

Peru's First Motor Show

FOLLOWING the abolition on October 1 of the quota system for imports of motor vehicles, Peru ran its first automotive show from the 8th to the 17th of January in Lima. According to the Commercial Secretary in Peru, the show was presented by the organizers of the highly successful Pacific International Trade Fair held in Lima last October. Included were cars, trucks, trailers, motorcycles, scooters, spare parts and accessories, as well as boats and launches. European, British and Japanese manufacturers participated heavily. Most of the boats on display came from Peruvian boatyards.

Vertical Exhibitions

AGRICULTURAL MACHINERY—*International Agricultural Machinery Exhibition,* Paris, March 1-6. Apply: Union des Exposants de Machines et d'Outillage Agricoles, 95 rue Saint Lazare, Paris 9.

ATOMIC ENERGY—*Atom Fair and Nuclear Congress,* New York, April 5-9. Apply: International Atomic Exposition Inc., Reber-Friel, Architects' Building, Philadelphia 3, Pennsylvania.

CHEMICALS—*International Chemical Exhibition,* Belgrade, June 1-10. Apply: Dr. I. Todorovic, Organization Committee, Exposition de l'Industrie Chemique Yugoslavie 1960, Bulevar Vojvode Misica 16, Belgrade.

PRODUCTION, CAPITAL EQUIPMENT, PARTS—*Fourth Swiss Import Fair,* Zurich, May 20-29. Participation open to Swiss importers and retailers of foreign goods only. Canadian firms should contact their Swiss agents as soon as possible.

General Fairs around the World

FRANCE—*Lyons International Fair,* Lyons, March 12-21. Apply: Grand Palais de la Foire de Lyons, quai Achille-Lignon, Lyons 6. Paris address: 136, boulevard Haussman, Paris 8. In addition to the usual professional groups, the 1960 Lyons fair will contain two important "Salons" and a third specialized section. These are: the International Salon of Games and Toys; the International Fair of Household Equipment, Hardware, Tools and Heating; and the International Fair of Furniture and Furnishings.

JAPAN—*4th International Trade Fair,* Osaka, April 9-26. Apply: Osaka International Trade Fair Commission, Honmachi-Bashi, Higashi-ku, Osaka.

MOROCCO—*International Trade Fair,* Casablanca, April 28-May 15. Apply: Commissariat Générale de la Foire Internationale de Casablanca, Rue Jules Mauran, Casablanca.

SWITZERLAND—*44th Swiss Industries Fair,* Basle, April 23-May 3. Buyers may write for more information to: Swiss Industries Fair, Basle 21.

UNITED STATES—*International Trade Fair,* Chicago, June 20-July 5. Apply: The Chicago Association of Commerce and Industry, 30 West Monroe Street, Chicago 3.

1st International Fair of San Francisco, San Francisco, June 9-19. Apply: International Fair of San Francisco, 325 Pacific Avenue, San Francisco 11.

Ghana Grows on Cocoa

Workers split the cocoa pods and remove the beans for drying and fermenting.

Ghanaians today produce high-quality cocoa; with the export earnings support themselves and finance their development plans. What is the outlook for cocoa output and prices?

ELIZABETH MILTON, *Office of the Commercial Secretary, Accra.*

GHANA'S prosperity and economic stability still depend primarily on cocoa. About half a million of its people are directly concerned in cocoa farming and the lives of all Ghanaians are affected in one way or another by the success or failure of the cocoa crop. Cocoa, all of which is exported, accounts for over 60 per cent of total exports by value and is shipped to over 40 countries.

During the last ten years cocoa shipments have varied from 210,000 to 278,000 tons (the all-time record was 311,151 tons in 1936) and in 1957 they earned nearly £63 million. The Government imposes high taxation on cocoa shipments and in 1957-58 collected over £26 million. This money it uses to further general development and build up industry.

Cocoa Farmer Assisted

Ghana is determined to maintain its position as the leading producer and exporter of cocoa, supplying nearly one-third of the total world crop. The Government devotes much money and effort to educating farmers in scientific growing methods and teaching them to combat diseases, such as the swollen shoot disease that for some years threatened the industry with extinction. Cocoa-growing is carried on entirely by Ghanaians and no European capital is invested in the cocoa farms. There are now more Ghanaian than European licensed buyers.

Originally, cocoa farming was almost entirely a village industry; the farms, seldom larger than ten acres, were run by families. The Government has taken several steps to help these peasant farmers. The Agricultural Department, for example, supplies free of charge healthy cocoa seedlings from government nurseries stationed throughout the forest belt. These usually receive their seedlings from the West African Cocoa Research Institute, established about twenty years ago to serve both Nigeria and Ghana. There invaluable research into cocoa diseases and into the production of high-yielding varieties is carried on by European and African scientists, including one recently arrived from Canada. Experiments on growing cocoa in sunlight (instead of the usual shade) and with fertilizers have resulted in the fantastically high yield of 3,000 pounds per acre, compared with the 200 to 300 pounds from the average farm. The Institute is also slowly bringing under control the virulent disease of swollen shoot and damage to crops by capsid, a small black fly.

The Institute is entirely devoted to research and has no commercial dealings. It sends all strains of seeds and seedlings that have undergone any scientific experiments to be tested to the satisfaction of the large chocolate manufacturers to ensure that the experiments have not affected in any way the distinctive flavour of the beans. Not until then can the seeds or seedlings be distributed to growers. The institute must also certify as non-injurious

ny chemical process for pest or sease control.

rading System Enforced

The Ghana Government strictly nforces its own grading system, gally defined as follows:

Grade I—Cocoa that is thorıghly dry, free from foreign matter, nd containing not more than 5 per ent by count of mouldy, weevily, ecayed, flat or germinated beans, nd not more than 5 per cent by ount of slaty beans.

Grade II—Cocoa that is thorıghly dry, free from foreign matter, nd containing not more than 10 er cent by count of mouldy, eevily, decayed, flat or germinated eans and not more than 15 per cent f slaty beans, and in which neither ouldy nor weevily beans exceed per cent by count.

Any cocoa below Grade II (subrade) the Government buys up and ells locally for making into cocoa utter. In 1958 the sub-grade cocoa otalled only 664 tons. Up to 1957, e average proportion of Grade I Grade II cocoa was about 50 per ent but in 1958 the proportion rose 63 per cent; the hope is that the urrent season will produce even etter results. Ghana's high-quality roduct has always had a preferred osition in the world market.

larketing Cocoa

Since the Second World War, all hana's cocoa has been sold rough the Cocoa Marketing oard, set up to protect the farmers' terests and control the purchase nd distribution of the crop. At the art, the Board took over a reserve ınd of £13 million, built up in artime by the West African Prodce Control Board. Operating this abilization fund carefully, it has een able to protect farmers against e wide and often rapid fluctuations world market prices.

When cocoa prices are up, the oard makes a substantial profit, ut when they fall sharply it may ave to fall back on its reserves, ow at some £77 million. It holds ınds that it has left after paying its overhead in trust for the cocoa farmers. The money is either invested or spent on development projects, scholarships for students to study abroad, or on new techniques and production methods that will benefit cocoa producers. So far the Board has paid the whole cost of the £15 million cocoa rehabilitation scheme made necessary by the ravages of the swollen shoot disease. It has also allocated over £2 million to the Cocoa Research Institute.

Canada's Purchases

The following table gives cocoa sales to the ten leading buying countries for the past three years. Canada ranks tenth in this list. Our cocoa imports from Ghana declined steadily from 11,015 tons in 1948 to only 950 tons in 1954. They then rose to nearly 5,000 tons but have now dropped again.

GHANA'S COCOA EXPORTS

	1956	1957 (in tons)	1958
West Germany	51,524	53,025	54,503
United Kingdom	39,565	46,289	37,149
United States	47,400	46,750	42,750
U.S.S.R.	12,000	39,000	
Netherlands	39,500	39,200	30,750
Italy	5,315	6,061	11,700
Australia	5,900	3,325	3,600
France	3,875	5,625	3,410
Sweden	4,925	5,060	4,930
Canada	4,250	4,860	1,650

Few commodities fluctuate in price as much as cocoa does. In 1950, the world price fell as low as £176 per ton; in 1953, it soared to over £500 per ton. At the beginning of 1959 it stood at about £305 a ton but in March slipped to about £275 per ton, where it remained until October, when it dipped to about £250. Cocoa was at this point cheaper than at any time since the late summer of 1957.

World Crop Forecast

For the crop year that began on September 25, 1959, estimates are for a yield of 250,000 tons in Ghana, a good average. The world forecast is for a very good, if not a record, crop for the second year in succession—an increase of 26,000 tons over the 1958 total of 854,000 tons. (The present record was achieved in 1956—some 886,000 tons.) The year 1957 was a poor one, with only 759,000 tons produced. That same year, chocolate consumption reached a record 900,000 tons. As a result, world stocks of cocoa were heavily depleted. Consumption in 1958 totalled 825,000 tons and the forecast for 1960 is about 837,000.

Market Outlook

The present level of supply and demand suggests that cocoa prices may drift still lower. But because the Cocoa Marketing Board controls sales of Ghana cocoa, there appears to be no real danger that the market will be flooded with cheap cocoa. Lower prices, in fact, may well mean larger sales.

For Ghana, revenue for cocoa continues to be satisfactory and makes possible unparallelled prosperity and progress. Even at the comparatively low selling price of £250 a ton, the Cocoa Marketing Board is able to operate at a profit and to pay the growers £3 for a 60-pound bag of cocoa. (The cocoa farmers voluntarily agreed to accept 60 shillings instead of 72 shillings per load of 60 pounds as their contribution to the Second Development Plan; over the five years, this should provide the sum of £25 million.) To the Ghana farmer, who remembers the lean years of the mid-thirties when prices dropped as low as 6/- a bag and rose only gradually to 15/-, a guaranteed price of £3, free from all expenses, represents a good income.

When the Duke of Edinburgh on November 24, 1959, opened the new Great Hall of Ghana's University College, financed from Cocoa Marketing Board funds, he remarked how fortunate it was for Ghana that the world continues to have a taste for chocolate! Ghanaians appreciated the truth of that remark. ●

78439-7—3½

Paints and Varnishes

The Market in Sweden

Sweden makes most of its own paints and varnishes and sells more and more abroad, but imports are rising every year. Canadians can make inroads into the market with new, strikingly different products, and with vigorous selling techniques.

L. B. THOMSON, *Office of the Commercial Counsellor, Stockholm.*

MORE paint is consumed per capita in Sweden than in any other country in Europe. Domestic paint production, and particularly exports, are expanding vigorously, and the Swedish market (already supplied with quality products) is a stiff one to break into. But the trade claims that there are still opportunities for the foreign company that can deliver new products.

Total Imports Rise

Total Swedish paint output, valued at about Kr.240 million, meets 80 to 90 per cent of the home market demand for ready-mixed paints. Production has risen by one-third between 1952 and 1957 and expansion continues.

	1952	1957	1958
	(million kronor)		
Swedish output	171.00	238.84	n/a
Swedish exports	3.21	15.01	17.81

Shipments abroad now account for a rising 6 per cent of production; exports in 1958 were nearly six times higher than in 1952 and almost half as much again as imports. This, in the face of falling prices, is a measure of the competitiveness of the market. Imports have more than doubled since 1952.

Swedish imports of cellulose varnishes and lacquers (table II) have fallen since 1952 and exports have risen sharply. Imports of other varnishes and lacquers (table III), valued at Kr.15.92 million in 1958, have increased about 3½ times since 1952. Home production of these varnishes and lacquers is rising and now meets about two-thirds of local needs. Purchases from Britain and the United States are mostly of the higher grades.

Swedish paint companies toda[y] are highly rationalized and inte[-] grated, combining in one unit manu[-] facturing, wholesaling and retailing[.] Five of the major manufacturer[s] have extensive wholesale and retai[l] organizations of their own. One o[f] the largest, AB Wilhelm Becker[,] Stockholm, owns about 30 retai[l] shops in Stockholm and is th[e] biggest paint manufacturer i[n] Scandinavia and one of the bigges[t] in Europe. This firm makes paints[,] enamels, varnishes, lacquers an[d] artists' materials, and many Swedish exports—refrigerators, cash regis[-] ters, typewriters, prefabricated tim[-] ber houses, vacuum cleaners an[d] many other articles—are treate[d]

TABLE I

SWEDISH IMPORTS OF ALL PAINTS AND LACQUERS

	1952	1955	1956	1957	1958
	(million kronor)				
Total imports	20.19	22.46	21.86	31.99	43.28
From:					
West Germany	1.62	6.10	7.40	9.10	10.33
Britain	4.28	3.96	4.54	4.95	5.29
United States	2.44	3.79	3.74	4.01	3.92

TABLE II

CELLULOSE VARNISHES AND LACQUERS

	1952	1958	1952	1958
	(metric tons)		(million kronor)	
Swedish output	4,059	3,953*	12.40	10.21*
Swedish exports	97	442*	.41	1.51*
Swedish imports (total)	407	375	2.19	1.85
From:				
West Germany	44	122	.27	.67
Britain	146	90	.87	.44
United States	185	87	.90	.58
Netherlands	4	13	.02	.08

*Indicates 1957 figures.

ith Becker finishes. The company co-operating with a large number f foreign manufacturers: it introuced latex paints into Sweden nder an agreement with the Gliden Company, U.S. More recently, introduced thixotropic paints nder an agreement with T. F. /ashburn Co., Chicago. By producig under licence, Becker's has won ome of its biggest market successes, nd has at the same time enabled oreign companies to sell their goods ffectively on the Swedish market.

ew Paints Win Buyers

The introduction of a new synetic paint in the Swedish market an have a tremendous effect on les. U.K. exports, for example, ropped in 1955 from 1952, but ecovered fully in 1956 and have sen continually since then. One ctor in this success was the introuction of a new synthetic paint at e end of 1956; another was the ompetitive pricing of certain highuality items. Business was won not y small British firms but by the ggest ones, especially in the field of r lacquers. Industry needs such an normous range of lacquers that not ven the largest Swedish manucturers can compete.

The best way in which the small r medium-sized paint exporter can ompete is by offering a completely ew product, strikingly better than nything yet sold in Sweden. Even en, it would be profitable to cooperate with one of the top Swedish ompanies by selling knowhow to ne of them. Several of these, like ecker's, are manufacturing under cence.

gents Are Important

There are a few small foreign rms selling in Sweden that are not lling anything strikingly different om Swedish-made paints. But they tablished themselves before the ar, are represented by good agents, nd have a long-standing reputation r good quality.

One of the main difficulties in eaking into the paint market is

TABLE III

OTHER VARNISHES AND LACQUERS, EXCLUDING ASPHALT LACQUERS

	1952 (metric tons)	1958 (metric tons)	1952 (million kronor)	1958 (million kronor)
Swedish output	4,825	6,462*	17.18	20.77*
Swedish exports	479	4,080*	1.61	9.54*
Swedish imports (total)	1,128	4,018	4.38	15.92
From:				
West Germany	202	1,810	.81	8.43
Britain	304	947	1.15	2.63
United States	319	537	1.24	2.55
Norway	175	380	.59	1.08
Netherlands	97	292	.43	.93

*Indicates 1957 figures.

TABLE IV

READY-MIXED PAINTS

	1952 (metric tons)	1958 (metric tons)	1952 (million kronor)	1958 (million kronor)
A—With medium other than oil				
Packed for retail sales				
Swedish imports (total)	37	91	.17	.40
From:				
West Germany	25	61	.12	.24
Britain	10	15	.05	.10
In other packing				
Swedish imports (total)	250	615	.49	1.47
From:				
Britain	136	171	.15	.18
Netherlands	14	107	.06	.38
West Germany	7	72	.03	.27
United States	50	54	.09	.19
In tubes, jars, etc., under 11 oz.				
Swedish imports (total)	58	106	.47	.94
From:				
Britain	35	38	.24	.28
West Germany	14	24	.13	.22
United States	n/a	6	n/a	.07
B—With oil base				
Swedish output	15,415	15,291*	43.01	39.29*
Swedish exports	87	59*	.30	.20*
Swedish imports (total)	169	386	.72	1.66
From:				
Norway	94	153	.32	.42
Netherlands	5	109	.03	.36
Britain	41	56	.22	.35
C—Ship's bottom paints				
Swedish output	1,094	1,124*	1.37	3.50*
Swedish imports (total)	154	271	.36	.84
From:				
Britain	137	160	.30	.46
Norway	9	103	.04	.35

*Indicates 1957 figures.

that firms are loath to change suppliers. Experimentation is expensive and it may be two years before the particular properties of a new paint are fully understood. Good agents, therefore, are almost essential in introducing a new product to the market. The Swedish agent needs, in addition to a keen business sense, money to buy stocks, money to pay qualified technical men who can give customers full service, and money to finance demonstrations for prospective buyers.

Canadian manufacturers interested in selling to Sweden may obtain details of Swedish impc duties on paints and varnishes l writing to the International Tra Relations Branch, Department Trade and Commerce, Ottawa. N import licences are needed for in ports into Sweden from the doll area. •

The Market in Norway

Imports restricted chiefly to industrial paints and varnishes of certain types; these come in under quota and require licences.

B. G. R. BARTON, *Office of the Commercial Counsellor, Oslo.*

NORWAY has 33 factories manufacturing paints, varnishes and allied products and total annual production of paints and varnishes alone is estimated at some 25,000 tons. Of this, about 1,700 tons were exported in 1958. The severe climate necessitates the setting of high standards and the Norwegian products enjoy a good reputation both at home and in the foreign markets in which they are sold. With a large merchant fleet, it is natural that Norway should specialize in marine paints of various kinds, but domestic production includes many other types of finishes, as the following list shows:

Interior and exterior maintenance finishes—oil paints, alkyd paints and enamels and flat paints, latex paints, PVA and acrylic paints, distempers, clear varnishes, linseed and other oil primers.

Furniture finishes—cellulose lacquers, oleo-resinous varnishes, synthetic varnishes.

Industrial metal finishes—primers and undercoats, air and oven-drying synthetic enamels, nitro-cellulose lacquers, transparent and strippable liquids.

For automobiles—primers, surfacers and fillers, mastics and undercoating (alkyd and nitro-cellulose), chassis compounds, paint removers, cleaning and polishing materials.

Chemical protective finishes—red lead, chlorinated and other rubber-based paints and enamels, varnishes for canning industry.

For steel construction—rust inhibitors, such as red lead and zinc chromate primers based on linseed oil and alkyd resins.

For shipping—primers, anti-corrosive and non-fouling compounds, inboard and outboard paints, enamels and varnishes, fire-retarding paints and varnishes.

Import Restrictions

With the exception of artists' paints, prepared dryers and some minor items, all imports are restricted and, as a general rule, import licences are granted only for industrial paints and varnishes. Global quotas are issued annually and give a clear picture of Norwegian requirements. The import global quota list for 1959 lists the following:

Painters' dyes n.o.p. and other wet paints	Kr. 500,000 (approx. $ 67,000)
Cellulose lacquers	Kr.1,700,000 (" $230,000)
Varnishes, polishes, siccative oils	Kr.3,200,000 (" $430,000)
Tar and asphalt compositions for ships' bottoms, anti-corrosion paints, etc.	Kr.1,000,000 (" $135,000)

Within the above framework, actual imports are confined almost entirely to the following: automobile lacquers, both cellulose and syn thetic; asphalt and bituminou paints; canning lacquers; insulatin lacquers for electric cables, etc baking enamels.

The three largest suppliers ar the United States, West German and the United Kingdom. Becaus of the high standard demanded, im ports tend to be small and this i especially true of lacquers used i the fish-canning industry, where an change might result in heavy losses Customs duties are roughly fron three to four cents per kilogram.

Canadian Opportunities

Imports are restricted to indus trial paints and varnishes and, wit the exception of small imports c automobile "touching-up" lacquers licences are not granted to finishe made up in retail packages. Foreig manufacturers who wish to se paints and varnishes to Norwa

must be prepared to have their products subjected to extensive tests before they are accepted. On the other hand, the industry welcomes inquiries about products that could be manufactured in Norway under licensing arrangements and it is by this means that many foreign products have found their way onto the Norwegian market.

Detailed tables on imports of paints and varnishes of various types into Norway are available from the Chemicals Division of the Department of Trade and Commerce. •

The Market in Spain

Domestic manufacturers supply practically the entire Spanish demand for paints. The industry must import certain raw materials competitively produced in Canada, but most of these are subject to a global import quota.

M. T. STEWART, *Commercial Counsellor, Madrid.*

THE paint and varnish industry in Spain is well established. It numbers more than 300 factories, large and small, and these produce considerably more paint than the domestic market needs. The industry has to rely on some imported component materials but in the main it is self-sufficient. It does not offer an attractive market for imported materials and no market whatever for finished products. Seven paint companies are affiliated with large international concerns and they account for 40 per cent of total production. These are: Sherwin Williams Española S.A., Basté, Polit, Valentine S.A., Industrias Titán S.A., Muñuzuri, Lefranc, Ripolín S.A., Cia. Española de Pinturas International S.A., Establecimientos Lory, and Lacas y Pinturas S.A. A further 35 companies operate plants of some importance and the remainder are small local firms. Technical assistance and knowhow furnished by the foreign affiliates enable the local industry to produce modern finishes.

Local Production

Total production is estimated at 65 million kilos per year, or about two kilos per head; average paint consumption in all the other OEEC countries is about six kilos per head. All types of finishes are turned out and the improvement in recent years in the production of high-quality specialized paints for industry is notable. For example, finishes to prevent the corrosion of metals include alkyd types and others using urea and epoxy resins. Finishes based on polyurethane, polyesters and silicone resins are also produced. Plastic paints for decoration, equivalent in quality to North American products, are manufactured by several firms. Foreign technical assistance is available from many companies and the following firms have licensing agreements with the large Spanish paint-producing firms: Duco, International, Lewis Berger, Hoveling, Ragg, Glidden, Valentine, Ripolin, Sherwin Williams, Lefranc, Lory, Schwaab, Van den Burg, Claessens, Faserit, etc.

Spain is an important producer of some inorganic pigments, notably chrome colours and iron and zinc

The sprawling, modern plant of Sherwin-Williams Espanola S.A., one of seven Spanish companies that are affiliated with large international paint-making firms.

oxides. Chrome yellow is produced in large quantities and chrome orange on a much smaller scale. Prussian blue is manufactured locally but in insufficient quantities; cadmium and cobalt pigments are made from imported raw materials. Red and yellow ochers are produced abundantly and there is an export surplus. Organic pigments are made on a small scale. Substantial production of titanium oxide is carried on and some is produced for export. Lithopone of excellent quality is produced in quantity—about 15,000 metric tons a year. Zinc oxide production amounts to 6,000 metric tons a year.

Tariff Protection

The new Spanish customs tariff is in course of preparation and no doubt will provide some protection for the local paint and varnish industry. The existing tariff on finished products is not high, but imports have been practically excluded by a rigid application of the import licensing system under which import permits are granted only in the most exceptional cases. The tariff on raw-material ingredients that are being imported is quite high in some cases and this results in higher prices for paint specialties made in Spain than for competitive products manufactured abroad.

Imports

In rare instances, import licences have been granted for some special types of paints, pastes, varnishes and ingredients. The local paint manufacturers must import linseed for linseed oil crushing, chinawood dyes, copper, cobalt, cadmium derivatives, methyl blue, Prussian blue, aniline pigments, shellac, aluminum powder, nitro-cellulose, synthetic resins, cellulose acetate and some other materials.

The raw materials for the industry that must be imported now come under global quota number 21 for $1.5 million or possibly under quota number 22 (unspecified) for $5 million. ●

The Market in Portugal

Import quotas and a protective tariff limit opportunities to high-quality and special paints. Persistent sales promotion needed.

T. J. MONTY, *Commercial Counsellor, Lisbon.*

PAINTS and varnishes have been manufactured in Portugal since the end of the last century, using mainly traditional methods. About 25 years ago new plants were set up, with the assistance of foreign capital and technical facilities. Progress in the chemical industry brought new materials for the production of paints and improvement of their quality.

Today Portugal has 63 plants turning out paints and varnishes, but nine of these should be classed as cottage industries. Present production totals about 7,000 metric tons, including paints, varnishes, dryers, white lead, solvents and diluents. Capacity is probably about 20,000 metric tons. Present output supplies about 80 per cent of the paints and varnishes used in Portugal, and the other 20 per cent is imported.

Portuguese manufacturers state that they now turn out nearly all the types of paints and varnishes that are produced abroad and that their products are, on the whole, of comparable quality. About 75 per cent of the raw materials that the industry uses are imported and import duties on these average 8.5 cents Canadian per kilogram. The local industry enjoys a protective tariff of about 40 cents Canadian per kilogram, or nearly 20 cents a pound.

Consumption, according to available provisional statistical data for 1958, was as follows:

Consumption 1958	Volume (metric tons)	Value ($Can.)
Paints	4,855 " "	4,443,000
Varnishes	1,082 " "	751,000
White lead paste	757 " "	286,000
Siccatives (dryers)	397 " "	93,000
Diluents and solvents	525 " "	169,000
Primary paints (bases)	418 " "	328,000
Mastics	178 " "	112,000
Intermediate and secondary products (concentrated)	11 " "	331,000
TOTAL	8,223 metric tons	$6,513,000

Portuguese consumption of paints and varnishes is considered low; in fact, it does not reach two pounds per person per year. This consumption, though tending to increase (7,000 metric tons in 1956 and 8,223 metric tons in 1958), will continue to be conditioned by local customs and use of substitutes. The majority of Portuguese houses are stuccoed inside and painted on the outside with low-cost products, such as pigments mixed with lime, glue and water. Exterior coatings of tiles, marble, and a covering of small fragments of marble mixed with white cement and pigments (marmorite), are also used on a large scale. All of these products abound in this country and although some of them are more expensive than paints, their durability is almost unlimited.

Statistics of production and consumption do not include the large quantities of paints that anyone can make at home with white lead, linseed oil, pigments, turpentine and siccatives, products purchased locally and used for painting interiors and exteriors. It is estimated that consumption of this type of low-quality paint reaches about 3,000 metric tons per year.

In 1950, the Portuguese imported 03.7 metric tons of paints, in 1955, 52 metric tons, and in 1958, 445.9 etric tons. These imports came incipally from the United States, e United Kingdom, and Germany. I the same years, imports of rnishes totalled 93.6, 129.5 and 17 metric tons, purchased chiefly om the United Kingdom, with the nited States in second place.

nport Regulations

The manufacture in Portugal of oducts that compete in quality ith imported paints and varnishes fects the import regulations. nother influence is the competi-on from European industry, its oximity and its lower prices. In ldition, the existence of bilateral greements on the exchange of oducts and payments tends to cilitate the obtaining of import cences for purchases from coun-ies entering into these agreements.

All materials imported into or ported from Portugal are subject import and export licences under e foreign currency control regula-ons. The granting of licences for e acquisition of foreign currency or import licences) is subject to a umber of considerations. These clude the quotas established for ountries with which Portugal has greements, whether hard or soft urrencies are involved, prices and uality, and the interests of the cal industry.

In the last few months, however, e situation on imports from the ollar area has improved, following e currency convertibility meas-res. Now, whenever it is considered dvantageous, purchases in dollars re authorized within the previously stablished quotas.

elling in Portugal

Portugal uses the metric system f weights and measures and for arnishes, cellulose and synthetic aints, the measure is the litre and s fractions. For heavy paints it is e kilogram and corresponding actions. However, in imported paints and varnishes, the measures used in the country of origin are accepted without difficulty by the Portuguese authorities.

Promoting Sales

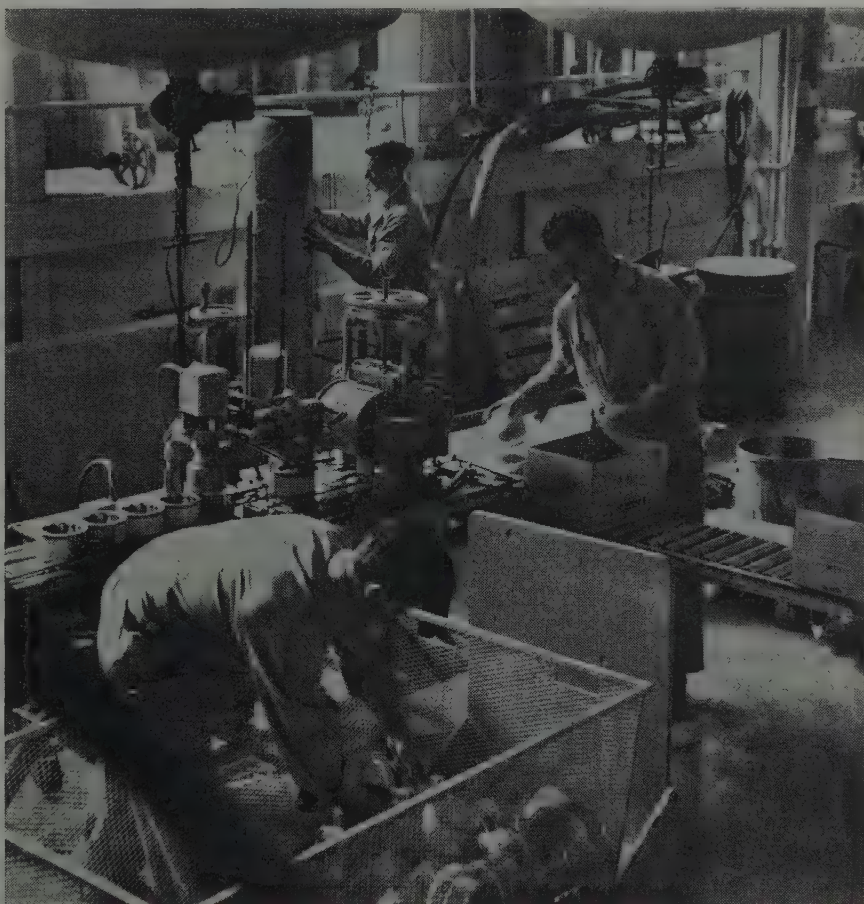
Usual terms of payment are irrevocable letter of credit. Suppliers who know their agents or clients sometimes ship with payment against documents and others grant terms of 30, 90 and 180 days against accepted draft. However, irrevocable letter of credit is preferable because of possible delays in obtaining import licences.

Literature indicating uses and advantages of paints and varnishes and information on colours should be sent to agents, preferably in Portuguese. They facilitate the agent's work in introducing the goods to the buyer.

At the moment, imports consist mainly of high quality and special paints, though the market is getting smaller year by year. Only small quantities are purchased for civilian needs and construction. The shipping companies can bring in paints for ships free of duty, buying either direct or from agents of foreign manufacturers. It is thus difficult for the Portuguese manufacturer to compete in this line because he enjoys no tariff protection.

The Canadian paint-maker may find that it is difficult to introduce a new brand of paint in this market because of the import quota on supplies from the dollar countries. He must be able to demonstrate the quality and price advantages of his product and promote it widely and persistently. This may give him a foothold in what seems to be a slowly shrinking market. ●

Workers in a paint factory in Toronto feed empty containers into the machine at left for filling, then pack them into sturdy cartons for shipment to markets overseas.
—Roxalin of Canada Ltd.



Commodity Notes

Aluminum

AUSTRIA—Aluminiumwerke A. G., of Ranshofen, Austria, recently announced that output of smelted aluminum in 1959 totalled 59,000 tons, compared with 50,000 tons in 1958. Some 45 per cent of production was exported, mainly to the United States. Aluminiumwerke Ranshofen is the only important aluminum producer in Austria—Vienna.

INDIA—According to the chairman of the Aluminum Corporation of India, annual Indian consumption of primary aluminum will reach between 64,000 and 70,000 tons by 1966, the end of the Third Five Year Plan. India's consumption of aluminum rose from 11,000 tons in 1946 to 30,000 last year—Bombay.

Cast Iron Pipe

PORTUGAL—The Portuguese press reports that centrifugal cast iron pipes, at present imported, are to be made in Portugal from scrap iron by the Oeiras Foundry and Workshops for Mechanical Constructions. This company has for many years produced cast iron for bathtubs, basins, stoves and central heating equipment. Imports of cast iron pipe during 1958 totalled 1,613 metric tons valued at Can.$214,000—Lisbon.

Chemicals

FRANCE—A new Franco-German chemical company Progil-Bayer-Ugine (PBU), has been established by Farbenfabriken Bayer of Leverkusen. The new company will produce and market isocyanates, polyesters and polyethers used in making polyurethanes. Part of the output will be exported and sales will be handled through Resines et Vernis Artificiels and through SOGEP—Paris.

Dry-Cell Batteries

CEYLON—The government-sponsored Elephant Lite Corporation has begun to produce dry-cell flashlight batteries. The factory expects eventually to make 12 million a year, which is over half the country's annual needs of about 20 million. Sold under the trade name of Laxapana, the batteries are said to compare favourably with the best foreign-made ones. Practically all the raw materials except graphite have to be imported. Th[e] Government has protected the industry by requirin[g] importers to buy two locally-made batteries for ever[y] three imported. The ratio in favour of the local produc[t] may be increased as production is stepped up—Colombo.

Fabric-Marking Machines

IRELAND—W. B. Pink Ltd. is about to manufactur[e] at Shannon Free Airport fabric-marking machines fo[r] export. The imprint, made by special marking fluids remains invisible until the impregnated fabric is expose[d] to ultraviolet light. It is possible to mark as many a[s] 100 layers of fabric simultaneously—Dublin.

Fertilizer

JAMAICA—An island-wide Fertilizer Educatio[n] Scheme, to start this year, is planned by the Jamaica[n] Government. The idea is based on the demonstration-plot principle; fertilizer will be distributed free to selected farms to show the practical results that ca[n] be achieved through its use. Almost all fertilizers used on the island are imported from Britain and the Continent—Kingston.

SPAIN—A state-owned factory that manufactures artificial fertilizers (nitrate of ammonia and calcium, and ammonium sulphate) for Spanish agriculture has jus[t] been inaugurated in the industrial belt at Puertollano, Province of Ciudad Real. Annual output will reach 80,000 tons. Within four years, Spanish production of fertilizers will total 1,475,000 tons. This should cove[r] domestic demand and save some $45 million a yea[r] on imports—Madrid.

Grinding Machines

INDIA—Under a licensing agreement with the Italian firm Olivetti, Hindustan Machine Tools will soon star[t] manufacturing 16 types of cylindrical grinding machines. The Indian firm will have full rights to marke[t] these machines in India, Burma, Ceylon, Afghanistan, Pakistan, Nepal, Thailand and Laos. This agreement

brings to 90 the existing range of machine tools manufactured by Hindustan—Bombay.

Oil

UNITED STATES—Plans for the construction at Jacksonville of Florida's first oil refinery were announced recently by the Florida Oil and Refining Co., a subsidiary of the Frontier Refining Company of Denver, Colorado. The \$10½ million refinery, which will have an initial capacity of 10,000 barrels per day, will produce gasoline, butane, propane, kerosene, jet fuel, heating oils, bunker fuel and possibly asphalt. Actual construction will not start until the company has overcome an economic supply problem which involves federal oil-import regulations and quotas. New refineries are not granted an oil-import allocation until they have been in business at least one year and then the U.S. Government sets the amount of crude oil that they may import. Surveys indicate that it is not economically feasible to refine domestic oil in Florida because of the distance from the source, but it would be feasible with oil imported from foreign sources—New Orleans.

Olives

ITALY—The first estimate of the Italian olive crop for 1959 indicates a harvest of about 300,000 tons compared with 260,000 tons for the previous year. Production still falls far short of domestic consumption, however, which averages about 500,000 tons a year —Rome.

Processed Foods

IRELAND—The Irish Sugar Company hopes to undertake the processing of fruits and vegetables and the production of soups in 1960. The fruit will come from existing plantations and the vegetables from the company's peatlands at Gowla. If the initial project works out, operations will be extended to other centres and may include additional forms of processing, such as quick-freezing and dehydration—Dublin.

Pulp Equipment

SWEDEN—AB Karlstads Mekaniska Verkstad has received an order from the Soviet Union for equipment for a pulp mill with a yearly capacity of 200,000 tons of pre-hydrolized sulphate viscose pulp. Details on processing techniques will be supplied by Uddeholms AB. Complete equipment for a further three mills is included in Sweden's current three-year trade agreement with the Soviet Union—Stockholm.

Pulp Mill

FRANCE—The construction of an \$11 million esparto pulp mill in western Tunisia is being undertaken by Societe Nationale Tunisienne de Cellulose. The mill, to be built at Kasserine, is expected to produce 80 metric tons a day of bleached esparto pulp for world markets and will employ permanently about 250 workers. The company is a Tunisian corporation, with share capital subscribed half by the Government of Tunisia and half by private European and North American interests. Engineering services of Stadler Hurter International Ltd., Montreal, have been retained—Paris.

Pulp and Paper

SWEDEN—Billerude AB is planning a new sulphate mill and a paper mill in Kvicksund at a cost of Sw.kr.-140 million. Work on these is expected to start in approximately a year—Stockholm.

Resins, Turpentine

BRITISH HONDURAS—A new U.S.\$350,000 plant is being built in British Honduras to process pine wood for the extraction of resins, turpentine, and allied products. When it is working at capacity the plant will provide employment for about 1,000. It is being put up by the Glicksten group of companies in the United Kingdom—Kingston.

Steel

ITALY—The output of raw steel during October 1959 was the highest on record at 660,000 tons; the previous high was 630,000 tons in October 1957. Compared with October 1958, production increased by 100,000 tons, a gain of about 18 per cent. For the first ten months of 1959, steel production totalled about 5.5 million tons against 5.3 million for the same period of the previous year. Production of hot rolled steel products reached 4.2 million tons compared with 3.4 million for the ten-month period of 1958. Pig iron production remained unchanged during the two ten-month periods at 1.7 million tons—Rome.

Synthetic Rubber

ITALY—Production of synthetic rubber in Italy now totals 35,000 tons a year. Of this about 20,000 tons are sold on the domestic market and the rest exported. An agreement was recently reached with Communist China whereby Italy will supply that country with 10,000 tons of synthetic rubber—Rome.

Zinc

PORTUGAL—An old established Spanish company, Companhia Real Asturiana de Minas, has just installed a factory for zinc rolling in the north of Portugal at Matosinhos. This is the first plant of its kind in Portugal—Lisbon.

A Bolivian miner at one of the State Mining Corporation's large tin mines.

Bolivian Recovery Begins

How are business and industry in Bolivia? Still beset with problems, says the Commercial Secretary in Lima, who recently visited all the main business centers there. But he also noted encouraging evidences that economic recovery is getting under way.

D. H. CHENEY, *Commercial Secretary, Lima.*

BOLIVIA'S economy continues to be beset with difficulties, but a few encouraging developments did take place during the last half of 1959. Outstanding was the loan of £2 million granted by the British tin smelters to the Bolivian State Mines to buy badly needed machinery and equipment. The mining industry, the mainstay of the Bolivian economy, received further encouragement through increases in Bolivia's tin export quotas and receipt of some U.S.$400,000 from a barter transaction involving tin. Sugar production is expanding and new capacity being created as a result of a $2.5 million grant from the Development Loan Fund to the second largest Bolivian producer. Other government and private industries have been less fortunate in securing outside financial assistance—particularly the government oil company (YPFB), which urgently needs large sums to carry out modernization programs. Manufacturing industries generally are in a serious economic state. Illegal competition from a large volume of contraband, lack of internal markets, shortage of capital as a result of currency depreciation following stabilization, shortage of essential raw materials, and unrealistic labour legislation have brought many of them to the verge of ruin.

The rate of exchange has remained stable for the past year at close to the current rate of Bs.11,865 to the U.S. dollar. This has helped to restore some confidence in industrial and commercial circles. Unemployment is widespread. At the same time, many business and industrial firms a seriously handicapped by having t carry large numbers of surpl workers whom they are forbidde by law to discharge.

Finance and Stabilization

The Development Loan Fund o the United States has authorized U.S.$1.5 million loan for improve ments to the airport at La Pa Bolivia's contribution to the Inter national Monetary Fund has bee more than doubled, from U.S.$1 million to U.S.$22.5 million. Thi should permit her to seek additiona financial assistance for the monetar stabilization program, should thi prove necessary. Under the origina stabilization plan of Decembe 1956, Bolivia received a total o U.S.$25 million from the IMF, the ICA, and the United States Treasury. Of this amount, the IMF contributed $7.5 million, ICA (Point IV) $10 million, and the U.S. Treasury $7.5 million. Up to June 30, 1959, Bolivia still had somewhat more than U.S.$9 million available. Apart from this, direct U.S. Government aid to Bolivia amounted to U.S.$22.3 million in 1959, including U.S.$3 million in technical assistance.

Although strikes and labour disputes were less frequent during the past year they still menace economic progress. This is a presidential election year in Bolivia and some early campaigning by presidential candidates has led to some serious labour unrest; the future is clouded in uncertainty.

During the past three years Bolivia has made a concerted effort to follow an austerity program in line with the monetary stabilization plan set out in 1956. However, reduced national income as a result of falling production and prices of metal products (particularly tin) has been a serious handicap. Furthermore, the country is still rather disorganized following the 1952 revolution. The central government authorities in La Paz are faced with many difficulties in explaining and implementing policy

because communications with various provincial centres are lacking. Rapidly instituted and sweeping agrarian reforms have seriously disrupted agricultural production. A new customs tariff was introduced in 1959, designed to provide protection for national industries and at the same time to facilitate the entry of materials essential to national development. Severe restrictions on bank credit introduced at the time of stabilization have been maintained and although these have, to some extent, reduced the appetite for imports, they have also meant that funds for development badly needed by business and industry are harder to obtain.

One of the most serious current problems facing Bolivian industry and business is the shortage of money in circulation and the low buying power. With the aid of international organizations, the United States Government, and its own limited funds, the Bolivian Government has been pushing forward programs to improve agricultural production and communications, particularly road-building. A noticeable reduction in the public demand for dollars suggests that the flight of capital from the country is being checked as confidence is restored.

According to a decree published in September, a start is to be made on the reorganization of the national customs administration—a forerunner of a full-scale revision of the Customs Law. The purpose of this reorganization is to reduce the number of complicated documents in use and to simplify customs formalities. Canadian exporters will be interested to know that, effective immediately, goods consigned to Bolivia no longer require a consular invoice. The seal and signature of the Bolivian Consul in the country of origin on the commercial invoice covering the shipment now suffice.

Mining Outlook Brightens

The outlook for the Bolivian mining industry is much brighter than it was a year ago. The State Mining Corporation (Comibol) has received a loan of £2 million from the British tin-smelting industry and will use it to purchase urgently needed equipment and supplies. According to information so far available, terms of the loan specify that at least £500,000 shall be spent on the purchase of British equipment and the corporation is free to use the remainder for purchases from other sources. Undoubtedly the State Mining Corporation will need a substantial amount of it to pay off accumulated debt on past foreign purchases.

Improved gold production and progressive increases in tin export quotas, plus some strengthening of international tin prices, have also added a note of encouragement. As a result of the increase in export quotas, the Bolivian Mining Bank recently removed local production quotas that had been imposed on small and medium-sized private mines. According to latest reports, Bolivia may actually have some difficulty in fulfilling her tin export quotas for the final quarter of 1959 and may have to negotiate an extension of a barter arrangement set up earlier this year.

Output of minerals by the State Mining Corporation for the first half of 1959 dropped substantially from the similar period of 1958. The tables on the right give these production figures and exports for the first seven months of 1959.

An increasing interest by Brazilian and Mexican smelters in Bolivian tin concentrates is becoming apparent. Renewed interest is also reported in the establishment of a large tin smelter in Bolivia to treat low and medium-grade ores. Capital from Mexico, Brazil, Chile and Peru is said to be involved in this project.

Unfortunately the financial position of the State Mining Corporation is serious; it is reported to have lost approximately $10 million in 1958 and $4.2 million in the first seven months of 1959. Various government agencies and departments, as well as commercial firms, owe large sums of money to the Mining Corporation which in its turn owes the railways, the state petroleum company, and foreign suppliers of machinery, equipment, etc. The need for new machinery and the shortage of skilled technicians has reduced production and efficiency alarmingly in many of the state mines.

Petroleum Industry's Problems

All production and refining of petroleum in Bolivia is in the hands of the state petroleum industry (YPFB); current production of crude oil totals approximately 9,000 barrels a day.

The company's financial position deteriorated in 1959. In the past three years it has spent more than U.S.$40 million on equipment abroad. However, company spokesmen indicate that a further U.S.-$100 million is needed for urgent development programs. Provided foreign capital assistance can be obtained, the company is anxious to institute a five-year plan aimed at achieving a daily output of 35,000 barrels of crude oil, 25,000

BOLIVIAN MINERAL PRODUCTION

Mineral	Jan.-June 1959	Jan.-June 1958
	(in fine kilos)	
Tin	7,517,672	8,853,434
Wolfram	207,529	261,998
Zinc	975,062	5,091,779
Silver	49,501	83,938
Lead	2,560,855	4,019,824
Copper	690,934	1,076,088
Bismuth	82,008	39,701

BOLIVIAN MINERAL EXPORTS

January-August 1959

	(fine kilos)
Tin	*14,778,186
Lead	11,540,768
Zinc	2,030,962
Antimony	2,960,080
Wolfram	804,245
Silver	72,868
Copper	1,690,456
Bismuth	111,368
Gold, fine grams	329,199
Asbestos	103,000

*Including 4,191,287 fine kilos shipped under the barter deal.

barrels of which would be exported, providing an annual income of more than U.S.$30 million. For some time YPFB has been endeavouring to secure foreign credits. Under the terms of an agreement signed with Brazil in 1958, four Brazilian oil companies have been granted concessions for exploration in Bolivia.

Eleven foreign oil companies are today pushing forward exploration programs on their concessions in a large area of eastern Bolivia, north of the city of Santa Cruz, believed to be rich in oil. So far only one has begun drilling operations and it has so far drilled five wells without success. Even if oil is found, experts estimate that 1.5 billion barrels of reserves must be discovered before exploitation becomes economically feasible. The six-inch pipeline from the city of Sicasica to Arica in Chile (completed last year at a cost of approximately U.S.$12 million) has so far not yielded the expected advantages.

Agricultural Output

Following the revolution in 1952 the Government confiscated many large agricultural holdings, dividing them up among landless peasants, most of them Indians. These people, accustomed to a subsistence standard of living, made little attempt to exploit their holdings and farm production fell drastically in many areas. It is a long job to educate the new owners in proper land use, but agencies of the United Nations and the U.S. Point IV Program are providing valuable assistance. However, several manufacturing industries are now paralyzed for lack of agricultural raw materials; cases in point are an edible oil factory and a powdered milk plant in the city of Cochabamba. Negative effects of the agrarian reform were less severe in the Santa Cruz region of southern Bolivia where land was plentiful. The tropical climate and rich soil (practically no fertilizer is used) of these new agricultural lands has turned Santa Cruz Province into one of the wealthiest in the country; the rice and sugar industries are centered there.

Sugar production by the four principal mills is expanding but they still provide only about 40 per cent of national requirements and additional supplies come in from Peru and Paraguay. Production in 1959 will total about 415,000 quintals (46 kilos) or 19,000 metric tons.

Cattle breeding is also making good progress. Breeding stock is being brought in from Argentina and the Point IV Agency (SCIPA) is intensifying its artificial insemination program.

Manufacturing Still Limited

Bolivia's manufacturing industries are few, small and basic; the more important include leather and shoes, cement, brewing, edible oil, milk powder, textiles, furniture and glass. A new state-owned cement factory at Sucre, built by German and Bolivian technicians and using German machinery, has just been completed. Its production of 100 tons per day duplicates the output of the privately owned plant near La Paz. So much of the leather production has been exported that national manufacturers of shoes and leather products are unable to obtain adequate supplies. The Government has trebled the export tax on untanned hides in an effort to remedy the situation.

Industry receives credit assistance from the Industrial Rehabilitation Fund as well as from the United States supervised industrial credit program and the Development Loan Fund. The situation has improved considerably since last year and recovery seems to be fairly general.

Canada's Trade with Bolivia

Reflecting Bolivia's difficulties since the end of 1956, Canada's exports to that country, never very large, shrank from $949,500 in 1957 to $438,700 in 1958. In 1959 our exports were running slightly behind 1958—$249,000 for the first nine months of 1959 compared with $334,000 for the similar period of 1958.

Our exports to Bolivia consist mainly of mining machinery and equipment, other types of industrial machinery and spares, electrical apparatus, agricultural machinery, automobile and truck tires, medicinal preparations, calcium carbide, miners' waterproof clothing, canned fish, and a few basic food products in small quantities. At the present time there is a limited market in Bolivia for wheat and flour provided prices are competitive. Recent experience indicates, however, that Canadian flour is priced too high to compete with U.S. and French.

There is also a demand for automotive parts and hardware, mining machinery and equipment, small hand tools, small electric generators with motors, agricultural machinery and industrial chemicals. One of the largest buyers is the Government Mining Corporation (Comibol), but there are a large number of small and medium mines that can be covered to advantage by a good representative. In almost all cases, Bolivian importers require terms of from 90 to 120 days from time of arrival of the goods in customs. Dollars may be purchased freely from the Central Bank to cover foreign remittances.

Canadian imports from Bolivia amounted to only $133,800 in 1958, down from $147,800 in 1957. This trade is made up almost completely of two products—tungsten-bearing ores and Brazil nuts.

Bolivia is still in a critical condition economically but there are indications that a fairly general recuperation is beginning. Most merchants and importers, large and small, continue to suffer from the effects of currency stabilization and require financial assistance from foreign suppliers. The buying power of the population is low. I have just completed a 2,000-mile tour of the main centres in central, south and eastern Bolivia during which I made personal contact with many firms of good standing who would be pleased to consider offers from Canada. Interested Canadian exporters are invited to consult the Lima office. ●

The European Free Trade Association

discussion, from the Canadian point of view, of the main atures of the convention setting up a European Free Trade ssociation, initialled by seven countries late in November.

ILFRID LAVOIE, *International Trade Relations Branch.*

N November 20, 1959, the Govnments of the United Kingdom, enmark, Sweden, Norway, Ausa, Switzerland and Portugal inilled a Convention for the tablishment of a European Free ade Association. The objective of e association is to create, over a n-year period, a new European ading group of seven countries mprising 88 million people, with which commerce will eventually free of tariffs and other barriers trade. The seven governments are pected to ratify the Convention by arch 1960 and an initial tariff cut 20 per cent among themselves to be made on July 1, 1960.

Discussions on free trade arrangeents in Europe began as early as e summer of 1956, when prosals for the European Common arket of the Six were beginning to ke shape. At that time, the OEEC nsidered the possibility of a Euroan Free Trade Area for industrial ods, embracing all members of the EEC including the six members of e Common Market. The negotians for such a Europe-wide arngement opened in February 1957 d continued until their breakdown December 1958. The impasse was ainly due to the impossibility of conciling the conflicting views on sic issues of commercial policy tween the Community of the Six d the other countries of Europe.

Faced with this breakdown, the Seven sought agreement on proposals for an industrial free trade area among themselves which, in their view, would facilitate the eventual resumption of negotiations for a broader European arrangement with the Six. Active negotiations started in June 1959 in Stockholm. Simultaneously with the initialling of the Convention in November, the seven governments indicated "their determination to avoid a division in Europe" and their willingness to conclude to that end an agreement among all member countries of OEEC, including the members of the European Common Market. The following paragraphs summarize the main features of the Convention.

EFTA's Objectives

The Convention consists of 44 articles and 7 annexes dealing with trade in industrial goods, and with special arrangements for agricultural products, and fish and other marine products. There is also a protocol relating to Liechtenstein and a note setting up a Preparatory Committee pending the entry into force of the Convention. The declared objectives of the Association are to maintain economic expansion and full employment in the member countries; to ensure fair competition between the members; to avoid disparity in the conditions of supply of raw materials produced within the area, and to contribute to the harmonious development of world trade by reducing trade barriers.

The present membership consists of the seven countries that have initialled the Convention. Any other country ready to accept the obligations of the Convention may apply to join the Association at a later date. The Seven indicated in their communique issued at Stockholm on November 20, 1959, that they had warmly welcomed an indication by the Finnish Government that Finland wished to discuss means by which it could participate in the Association. The Convention may be extended to the European territories of the member states: the Faeroe Islands, Gibraltar, Malta and Greenland. It is recognized that at a later stage members may wish to propose the extension of the Convention to cover non-European territories for which they are responsible. There is also a provision for dealing with territories that later become sovereign states.

Elimination of Tariffs

The reduction of all tariffs between member countries (other than revenue duties) is the essential feature of the Free Trade Association. The Convention provides that this objective shall be achieved in successive stages, at the latest by January 1, 1970. The reduction begins with a 20 per cent cut on July 1, 1960, and continues with eight further reductions of 10 per cent. The second step will take place on January 1, 1962, the third on July 1, 1963, and each successive step

on January 1 of each year up to 1969. There are no provisions for extending this transition period beyond January 1, 1970.

The Convention provides that the Council may accelerate the timetable for tariff reductions and thus shorten the transition period. It seems probable that if the European Common Market countries were to decide to speed up the implementation of their customs union, the Seven would invoke this provision to keep their timetable parallel with that of the European Common Market.

In Portugal, which is a less developed country, the rhythm for the removal of duties will be such that only 50 per cent of Portuguese tariff protection will have been removed vis-à-vis other members by 1970; the remaining duties are to be eliminated before 1980. In addition, Portugal may be authorized to introduce new import duties temporarily to promote the development of specific new production.

Internal Tariff Regulations

In contrast with the European Common Market, the Convention for a Free Trade Association does not provide for the adoption of a common tariff against imports from outside countries. The members of the Association will retain their own domestic tariffs against imports originating from outside the area. The Convention does not envisage the elaboration of a common external policy in the trade field vis-à-vis third countries, nor will it involve a change in the United Kingdom tariff treatment of Canadian goods that are admitted into Britain duty-free. Its implementation will, however, involve the extension of United Kingdom duty-free treatment to imports from the other members of the Association of industrial goods as defined by the Convention and of certain agricultural and fisheries products.

The reduction and elimination of tariffs among member states will apply to all industrial products. However, products such as prepared soups, preserved and processed fish (including canned salmon and canned lobster), fishmeals and frozen fish fillets will be considered industrial. Agricultural and fisheries products are generally excluded from the obligation to eliminate tariffs. The objective of the Association for agriculture is "to facilitate an expansion of trade which will provide reasonable reciprocity to those member states whose economies depend to a great extent on agricultural exports." To achieve this objective, the Convention announces that some members have already concluded agreements designed to facilitate the expansion of agricultural trade, including the elimination of certain tariffs, and it envisages further bilateral agreements. The agreements that have been reached, together with any future agreements, are to be valid as long as the Convention remains in force and the tariff reductions made under them must be applied to all members. The Council is required to consider once a year what further action is needed in pursuit of the fundamental objectives of the Association in the field of agriculture. So far, the chief example of these agreements is the United Kingdom-Danish Agreement which provides for the elimination of tariffs on imports from other members of the Convention of bacon, canned pork luncheon meat, blue-veined cheese and canned cream.

Fish, like agriculture, is covered by special provisions. The objective of the Association is to facilitate an expansion of the trade in fish among the members but there are no provisions for bilateral arrangements on particular products. Annex E of the Convention lists the products to be covered by this general arrangement. The list includes whale-meat, fresh fish (except frozen fillets), salted fish, crustaceans and molluscs. As foreseen at present, these non-processed fish and marine products will not be subject to the tariff elimination an the existing Canadian margins o preference should be unaffected However, it is proposed to start further examination of the arrangements for fish and to complete in 1961.

Defining Origin

Under the EFTA, only goods o area origin (that is, products of th member countries), will be entitle to Free Trade Area treatment. Th products of Canada and of othe countries outside the area will re main subject to the regular rates o duty. A significant proportion c trade within the area consists c products that incorporate material or components of outside origi and which have been wholly or par tially processed in Europe. It i particularly in relation to this typ of product that the problem arise of defining what is "an area prod uct" for the purposes of Free Trad Area tariff treatment. This directl concerns Canadian exporters of ra materials and semi-manufacture products whose exports may b processed in one area country an re-exported to another.

Goods wholly produced withi the area of the Association will, c course, be entitled to the benefit of the area tariff treatment. Othe goods will also be eligible for th area tariff treatment if they hav undergone a clearly defined proces in the area or if the value added t the products in the area is equal t at least 50 per cent of the tota value. In general, importers will b able to choose under which of thes three criteria they may claim th benefits of area tariff treatment.

The goods that may be eligibl for area tariff treatment under th "process" rule are listed in an anne to the Convention, where the quali fying processes to be undertaken i the area are set out for each c the products in question. As regard the 50 per cent content rul provision has also been made fo a wide range of imported industri materials to be considered as pro duced within the area itself. Amon

These are aluminum (except for alloys), nickel, asbestos, copper, lead, zinc and synthetic rubber. These materials will be counted as of area origin for calculating the percentage of area content, whether or not they are produced in the area.

Institutions

The Council, on which each member is represented, is the principal organ envisaged by the Convention and it is empowered to set up subordinate bodies to assist it. The Council is charged with the exercise of the powers and functions conferred upon it in the Convention and must supervise their application. It is also empowered to consider what further action should be taken to facilitate closer association with other countries or groups of countries. On most questions, the rule of unanimity will apply. There are also provisions for the establishment of examining committees to which the Council may refer cases arising under the consultation and complaints procedure. These committees are to consist of independent persons appointed by the Council on terms which it will decide. The Council is also required to lay down the rules and procedures of all bodies of the Association and to establish its secretariat on the basis of proposals to be submitted by the Preparatory Committee.

Other Barriers to Trade

The Convention provides for the reduction and elimination of quantitative restrictions on imports from member countries by January 1, 1970. The elimination of restrictions is to be achieved by an annual increase in quotas until they cease to be restrictive.

There are provisions to ensure that the effects of the removal of the barriers to trade (such as tariffs and quotas) are not nullified by other obstacles to competition, such as export subsidies, restrictive business practices, state trading, customs drawbacks, and limitations on the establishment of enterprises. The operation of the articles dealing with the reduction and elimination of tariffs and quantitative restrictions and the above rules of competition can be suspended temporarily in certain circumstances. Apart from the protection of their essential security interests, members may, consistent with other international obligations, introduce quantitative restrictions for the purpose of safeguarding their balance of payments. Quantitative restrictions or other measures may also be applied on a particular product where the implementation of the rules for freeing trade leads to an appreciable rise in unemployment in a particular sector of industry or region of the area. There is also provision for dealing with territories which later become sovereign states, plus provisions stating that nothing in the Convention exempts a member from its obligations under other international agreements such as the GATT and the IMF.

Association as World Trader

The area member countries together account for 18 per cent of world trade. Most of them are traditionally low-tariff countries. The combined population of some 90 million is little more than half that of the European Economic Community; the total output of goods and services in 1958 was \$92 billion. This compares with \$442 billion in the United States, \$155 billion in the EEC and \$32 billion in Canada. Among the Seven are nations with some of the highest living standards outside North America. Like Canada, the area is substantially dependent on imports. Imports represent 3 per cent of the United States national income and 16 per cent for Canada; for the United Kingdom the figure is also 16 per cent but for the Continental EFTA countries, it is still higher at 25 per cent on the average. Total imports into the EFTA group in 1958 were valued at \$19 billion, with the United Kingdom accounting for more than \$11 billion, or nearly 60 per cent.

Canadian Trade with EFTA

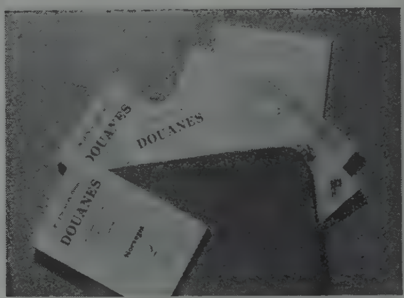
Canadian exports to this group of seven countries totalled \$884 million in 1958, or nearly 20 per cent of our total world exports, and about twice our exports to the Common Market. The United Kingdom is, of course, our major market among the Seven, taking exports worth \$776 million, followed by Norway (\$56 million), Switzerland (\$29 million), Sweden (\$11 million), Austria (\$7 million), Denmark (\$5 million) and Portugal (\$2 million). At present, about 40 per cent consists of agricultural and fisheries products, 45 per cent of industrial raw materials, and 15 per cent of manufactured goods and chemicals.

As a result of the Association, United Kingdom tariffs will be removed on all industrial goods of area origin. However, most raw materials from all sources—they constitute about 40 per cent of Canadian sales to this market—already enter the United Kingdom free of duty. Among these materials are pitprops, pulpwood, pulp, newsprint, iron ore, aluminum, nickel, copper, platinum and metallic scrap generally. On other industrial products, such as various paper products, chemicals and manufactured goods, Canada's preferential position in the U.K. will be affected. With the extension of duty-free admission by the U.K. to other members of the EFTA, Canadian suppliers will be on an equal basis in the U.K. market with competitors in Scandinavia and other countries of the group. Canada will, of course, continue to enjoy a tariff preference in the U.K. vis-à-vis other outside suppliers. The United Kingdom duty-free tariff treatment for most Canadian and other Commonwealth products will continue unchanged. The external tariffs of most other countries of the Area are relatively low. On products such as nickel, copper, asbestos and zinc, which

account for a large percentage of Canadian sales, those countries admit imports duty-free or at low rates.

The Association and GATT

The EFTA Convention will be subject to the scrutiny of the GATT Contracting Parties in the light of the requirements and obligations under the General Agreement covering the creation of a free trade area. At the 15th session of the GATT held in Tokyo in November 1959, the representative of Sweden, speaking on behalf of the seven governments, declared that the member would make the text of the Euro pean Free Trade Association Con vention available without delay During the session, the Contracting Parties agreed on a timetable fo the examination of this new Euro pean trading arrangement. •



Trade and Tariff Regulations

France

NEW "HEAVY" FRANC—The French Government has announced that the "heavy" franc will become legal tender, effective January 1, 1960, in Metropolitan France and the Departments of Algeria and the Sahara. At a later unspecified date, it will also be used in the overseas Departments of Guadeloupe, Guiana and Martinique. The new unit will be equal to 100 of the previous type French francs and will be called "nouveau franc" or N.F. No change in currency unit is contemplated in the countries and territories of the French Community in Africa where the currency unit is the C.F.A. franc (Colonies Francaises d'Afrique) or the C.F.P. franc (Colonies Francaises du Pacifique).

FURTHER DOLLAR IMPORTS LIBERALIZED—Effective January 1, 1960, the Government of France announced an additional liberalization measure which frees from restriction a variety of imports from dollar countries, including Canada. Full details have not yet reached the Department, but it is understood that the new measure covers the following products of possible interest to Canadian exporters:

Whisky; automobiles; wheel-type tractors; metalworking machinery; air and vacuum pumps; a variety of chemicals including boric oxide and acid, borates and perborates, acyclic alcohols and derivatives, synthetic organic dyestuffs, colour lakes; photographic film; phonograph records; sporting goods; man-made fibres and waste; continuous filament tow; rubber tires; outer garments for men and boys.

As a result of this step, the area of discrimination against dollar goods has been further reduced. Though all liberalized products imported into France are sub ject to import permits, these are freely granted. Infor mation on the status of individual goods should b available shortly in the International Trade Relation Branch.

Ireland

IMPORT LICENCES FOR APPLES—The Ministe for Agriculture in the Republic of Ireland has an nounced that licences for the import of raw apple will be granted to local importers for the period Feb ruary 1 to June 15.

Application for such licences should be addressed t the Secretary, Department of Agriculture (Section 4) Dublin, and should indicate the quantity to be importe —Dublin.

South Africa

IMPORT CONTROL POLICY ANNOUNCED—I announcing the Union's import control policy for 196 the Minister of Economic Affairs emphasized the nee for caution despite the fact that the country's foreig exchange reserves are particularly favourable. There fore, no appreciable change can be expected from th import controls in effect last year.

With the exception of decimal monetary machine the classification of products for import remains vi tually the same as for 1959.

(a) For items within the classification of capital equipment, ra materials and maintenance spares there will be an initial issue

import permit equal to 75 per cent of the permit issued for 1959. Subsequent issue will depend on proven requirements.

(b) For consumer goods in Group A the initial issue of permit will be 75 per cent of that issued in 1959, with additional issues in accordance with the importer's reasonable requirements.

(c) For consumer goods in Group B the initial issue of permit will be 40 per cent, with further quotas to be considered in the course of this year. Limited quotas will also be made available in this group to new importers wishing to establish a business, but with the understanding that such imports will be regarded purely as filler lines to those goods that are available from local sources.

(d) The present policy of issuing permits on a replacement-of-retail-sales basis for the import of motor vehicles, excluding assembled vehicles of an f.o.b. cost of over £800 ($2,240), will continue.

(e) Regulations governing the import of decimal monetary machines were published in the January 2 issue of *Foreign Trade*

—Johannesburg.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it had received the following representations respecting the tariff:

Increase in duty on:

1. Brushed knitted nylon piecegoods containing—

(a) 100 per cent nylon, and

(b) nylon mixed with fibres other than wool or hair,

from 10 per cent ad valorem to 15 per cent ad valorem or 6d. per yard, whichever is the greater, and in addition 10 per cent ad valorem. (B.T.I. Ref. 123/9/22.)

(Applicant: South African Fabrics, Limited, P.O. Box 1349, Durban.)

2. Knitted fabrics made of all man-made fibres, other than rayon or cellulose acetate or mixtures thereof, to the rates applicable to knitted nylon material. (B.T.I. Ref. 123/9/22.)

(Applicant: South African Fabrics, Limited, P.O. Box 1349, Durban.

3. Copper and brass tubing in lengths of over six feet, from free of duty to 10 per cent ad valorem. (B.T.I. Ref. 34/9/12.)

(Applicant: South African Wrought Non-ferrous Metal Manufacturers' Association, P.O. Box 1338, Johannesburg.)

4. Powder colours (artist's colours) from free of duty to 20 per cent ad valorem. (B.T.I. Ref. 30/9/7.)

(Applicant: Penguin Ink and Pen Company (Pty.), Ltd., P.O. Box 67, Jeppestown.)

Canadian firms exporting these goods to South Africa may wish to have their views placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

South Africa

WOOL LABELLING REGULATIONS—The Union of South Africa recently issued new regulations governing the labelling of woollen textiles and clothing. The regulations, which became effective October 23, 1959, prohibit the import into the Union of any wool product, as defined, for the purpose of manufacture or sale, unless the requirements specified have been complied with.

Interested exporters can obtain a copy of the regulations from the Canadian Government Trade Commissioner, P.O. Box 715, Johannesburg, S.A.—Johannesburg.

Switzerland

NEW CUSTOMS TARIFF—The Commercial Counsellor in Switzerland reports that the new official Swiss customs tariff, based on the Brussels nomenclature, will come into force on January 1, 1960. All goods arriving in Switzerland as of that date are subject to the new duty rates.

In connection with the introduction of the new tariff a number of new ordinances pertaining to imports will come into force, including a revised tare ordinance (again reportedly basing duties on gross weight); an ordinance on statistical fees introducing a charge of 3 per cent ad valorem payable on the assessed duty, and a revised turnover tax ordinance.

Although the customs duties on many imports will be higher in the new schedule than at present, some will be lower. Switzerland granted concessions on a number of commodities of interest to Canada in tariff negotiations that were held under the auspices of the General Agreement on Tariffs and Trade in Geneva in 1958, and these are included in the new tariff.

Tunisia

IMPORT LICENSING RELAXED—The Government of Tunisia has announced the liberalization of a wide range of products imported from certain specified countries, including Canada. Although import licences are required for liberalized products, Tunisian authorities have declared that these will be issued automatically. The following selected imports of possible interest to Canadian exporters have been liberalized:

Seed potatoes, hops, synthetic rubber, certain types of lumber, various pharmaceuticals, some textiles, nickel and certain other base metals and manufactures, a number of electrical appliances and various other products.

Information regarding individual items on the Tunisian list of liberalized imports may be obtained upon request from the International Trade Relations Branch.

United States

TARIFF COMMISSION INVESTIGATION OF TYPEWRITER IMPORTS—Upon application of Smith-Corona Merchant Inc. of Syracuse and Royal McBee Corporation of Port Chester, N.Y., the United States Tariff Commission on December 9, 1959, instituted an "escape clause" investigation to determine

whether typewriters are, as a result of customs treatment reflecting concessions granted under the GATT, being imported into the United States in such increased quantities as to cause or threaten serious injury to the U.S. domestic industry.

A public hearing in this investigation will be held on March 29, 1960, in the Tariff Commission Building, 8th and E Streets N.W., Washington, D.C. Intereste[d] parties desiring to be heard should write the Secreta[ry] of the Commission at least three days before the date [of] the hearing.

Typewriters are currently classified free of du[ty] under paragraph 1791 of the U.S. Tariff Act.

Trade Commissioners on Tou[r]

The following officer of the Trade Commissioner Service is undertaking a tour in Canada. His itinerary is:

JOHN MACNAUGHT, Assistant Commercial Secretary in Wellington, New Zealand.

Ottawa—Jan. 18-29 Montreal—Feb. 1-3

Businessmen who wish to see Mr. MacNaught should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

W. G. BRETT, Assistant Commercial Secretary in Paris, France, will visit Algiers, Oran and Hassi Messaoud from January 16-24, and Rabat, Tangier and Casablanca from January 25-31.

L. A. CAMPEAU, Commercial Secretary in Karachi, Pakistan, will visit Lahore, Peshawar and Warsak about January 18.

N. L. CURRIE, Assistant Commercial Secretary in Bogotá, Colombia, will begin a visit to Ecuador on February 13, stopping en route at the Colombian towns of Cali, Popayan and Pasto.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong will visit Saigon in South Vietnam, Phnom Penh in Cambodia, and if possible Hanoi in North Vietnam, from February 6-18.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Zagreb and Belgrade, Yugoslavia, from February 10-17.

R. E. GRAVEL, Commercial Counsellor in Caracas, Venezuela, will visit the Netherlands Antilles late in January.

R. F. RENWICK, Commercial Secretary in Port-of-Spain, Trinidad, will visit Bridgetown, Barbados, from February 1-6, and St. George's, Grenada, from February 7-10.

H. W. RICHARDSON, Trade Commissioner in Guatemala City, Guatemala, will visit Nicaragua and El Salvador from January 18-30.

B. C. STEERS, Assistant Trade Commissioner in Singapore, will visit Bangkok, Thailand, for two weeks beginning January 10.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Bucharest, Romania, from February 1-4, and Prague, Czechoslovakia, from March 14-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Brett at Paris, Mr. Campeau at Karachi, Mr. Currie at Bogotá, Mr. Forsyth-Smith at Hong Kong, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gravel at Caracas, Mr. Renwick at Port-of-Spain, Mr. Richardson at Guatemala City, and Mr. Steers at Singapore.

Foreign Commercial Representatives in Canada

ARGENTINA

Washington—Economic Counsellor, Argentine Embassy, 1600 New Hampshire Avenue N.W.

AUSTRALIA

Montreal—Australian Government Trade Commissioner, 1255 Phillips Square.
Vancouver—Australian Government Trade Commissioner, Suite 608, Burrard Bldg.

AUSTRIA

Ottawa—Embassy of Austria, Suite 707, 140 Wellington Street.
Calgary—Consulate of Austria, 31 Hollinsworth Bldg.
Halifax—Consulate of Austria, 6 Young Avenue.
Montreal—Consulate General of Austria, Suite 815-817 Castle Bldg., 1410 Stanley Street.
Toronto—Austrian Trade Delegate, Suite 616, 62 Richmond Street West.
Vancouver—Austrian Trade Delegate, 525 Seymour Street.

BAHAMAS

Toronto—Trade Commissioner, Room 707, Victory Bldg., 80 Richmond Street West.

BELGIUM

Montreal—Consul General of Belgium, 709 Sun Life Bldg.
Toronto—Consul General of Belgium, Room 302, 11 Adelaide Street West.
Vancouver—Consul General of Belgium, Room 1432, 355 Burrard Street.

BOLIVIA

Montreal—Consul-in-Charge, Consulate General of Bolivia, 5559 Canterbury Avenue.

BRAZIL

Ottawa—Brazilian Embassy, 305 Stewart Street.
Montreal—Trade Commissioner, Brazilian Government Trade Bureau, Room 302, 400 St. James St. West.

CHILE

Ottawa—Embassy of Chile, 56 Sparks Street.
Vancouver—Consul of Chile, 1575 West Sixth Avenue.

CHINA

Ottawa—Counsellor, Embassy of the Republic of China, 201 Wurtemberg Street.
Vancouver—Consul General of China, 510 Hastings Street West.

COLOMBIA

Ottawa—First Secretary and Consul, Suite 33, Roxborough Apts.
Montreal—Consul General of Colombia, 1572 Summerhill Avenue.
Toronto—Consul of Colombia, 67 Yonge Street.
Vancouver—Consul of Colombia, 1575 West Sixth Avenue.

COSTA RICA

Montreal—Consul General of Costa Rica, 4753 Lacombe Avenue.

CUBA

Montreal—Cuban Consul, Consulate General of Cuba, 1572 Summerhill Avenue.

CZECHOSLOVAKIA

Montreal—Commercial Section, Czechoslovak Consulate General, 1305 Pine Avenue West.

DENMARK

Ottawa—Royal Danish Embassy, 446 Daly Avenue.
Montreal—Consul General, Royal Danish Consulate General, Room 815, Keefer Bldg., 1440 St. Catherine Street West.
Toronto—Assistant Trade Commissioner, Royal Danish Consulate, 114-118 Danforth Avenue.

DOMINICAN REPUBLIC

Ottawa—Consul General of the Dominican Republic, 20 Bower Street.
Montreal—Consul General of the Dominican Republic, Apt. 4, 3201 Forest Hill Avenue.

ECUADOR

Montreal—Consul General of Ecuador, 1572 Summerhill Avenue.
Vancouver—Consul of Ecuador, 603 West Hastings Street.

EL SALVADOR

Montreal—Consul General of El Salvador, 4972 Victoria Avenue.

FINLAND

Ottawa—Attaché, Legation of Finland, 85 Range Road.

FRANCE

Ottawa—Commercial Counsellor to the French Embassy, 464 Wilbrod Street.
Montreal—Commercial Counsellor of France, 2060 Mackay Street.
Toronto—Commercial Counsellor of France, 185 Bay Street.

GERMANY

Ottawa—First Secretary (Commercial Affairs), Embassy of the Federal Republic of Germany, 1 Waverley Street
Montreal—Consulate General of the Federal Republic of Germany, 1501 McGregor Street.
Toronto—Consulate of the Federal Republic of Germany, 77 Admiral Road.
Vancouver—Consulate of the Federal Republic of Germany, National Trust Bldg., 325 Howe Street.
Winnipeg—Consulate of the Federal Republic of Germany, 424 Wellington Crescent.
Edmonton—Consulate of the Federal Republic of Germany, 11618 100th Avenue.

GREECE

Ottawa—Commercial Attaché (Honorary), Royal Greek Embassy, Suite 110, Chateau Laurier.

GUATEMALA

Montreal—Consul General of Guatemala, 3467 Wilson Avenue.

HAITI

Ottawa—Embassy of Haiti, 140 Slater Street.
Montreal—Consul of Haiti, 3449 Prudhomme Street.
Halifax—Consul of Haiti, 50 Sackville Street.

HONDURAS

Montreal—Consul General, Consulate General of the Republic of Honduras, 5407 Coolbrook Avenue.
Toronto—Vice Consul (Honorary), 3 Nashville Avenue, Apt. 18.

INDIA

Ottawa—First Secretary (Commercial), Office of the High Commissioner for India, 200 MacLaren Street.

INDONESIA

Ottawa—First Secretary (Commercial), Indonesian Embassy, 275 MacLaren Street.

IRAN

Ottawa—Second Secretary, Imperial Legation of Iran, Apt. 404, Sandringham Apartments.

IRAQ

The Embassy of the United Arab Republic is in charge of Iraqi interests. See address below.

IRELAND

Montreal—Irish Trade Representative (Irish Export Board), 1015 Beaver Hall Hill.

ISRAEL

Montreal—Consul of Israel (Commercial), 1555 McGregor Street.

ITALY

Ottawa—Commercial Counsellor, Embassy of Italy, 172 MacLaren Street.
Montreal—Vice Consul and Trade Commissioner, 1524 Summerhill Avenue.
Toronto—Italian Trade Commissioner, Suite 403, 34 King Street East.

JAPAN

Ottawa—First Secretary (Commercial), Embassy of Japan, Room 701, Metcalfe Bldg.
Toronto—Consulate of Japan, 180 University Avenue.
Vancouver—Consulate of Japan, 510 Hastings Street West.
Winnipeg—Consulate of Japan, 301 Tribune Bldg.

LEBANON

Ottawa—Embassy of Lebanon, 105 Springfield Road, Apt. 1.

LUXEMBOURG

Montreal—Consul General of the Grand-Duchy of Luxembourg, 4832 Western Avenue.

MEXICO

Ottawa—Embassy of Mexico, Room 706, 88 Metcalfe Street.
Montreal—Consul General of Mexico, Room 513, Castle Bldg., 1410 Stanley Street.
Toronto—Consulate of Mexico, Room 309, 20 Carlton Street.
Vancouver—Consulate of Mexico, Room 607, Burrard Bldg., 1030 W. Georgia Street.

MONACO

Montreal—Consul of Monaco, Suite 101, 4920 Western Avenue.

NETHERLANDS

Ottawa—Commercial Counsellor, Embassy of the Netherlands, 12 Marlborough Avenue.
Montreal—Netherlands Consulate General, 1103 Castle Bldg., 1410 Stanley Street.
Toronto—Netherlands Consulate General, 159 Bay Street.
Edmonton—Netherlands Consulate, Merit Bldg., 10008 106th Street.
Vancouver—Netherlands Consulate General, 475 Howe Street.

NEW ZEALAND

Montreal—New Zealand Trade Commissioner, Room 609, Sun Life Bldg.

NICARAGUA

Montreal—Consul General, Consulate General of Nicaragua, 3435 Barclay Avenue.

NORWAY

Montreal—Trade Commissioner of Norway, Norwegian Consulate General, 1410 Stanley Street.

PAKISTAN

Ottawa—Commercial Secretary to the Pakistan High Comissioner, 505 Wilbrod Street.

PANAMA

Montreal—Consul General, Consulate General of Panama, 4517 Harvard Avenue.

PERU

Ottawa—Second Secretary, Embassy of Peru, 539 Island Park Drive.

PHILIPPINES

Vancouver—Trade Commissioner, Philippines Consulate, 615 West Pender Street.

POLAND

Ottawa—Commercial Counsellor to the Polish Legation, 362 Stewart Street.

PORTUGAL

Ottawa—Embassy of Portugal, 285 Harmer Avenue.
St. John's—Consulate of Portugal, King's Bridge Court, Apartment 2E.
Halifax—Consulate of Portugal, P.O. Box 355.
Montreal—Consulate of Portugal, 4135 Sherbrooke Street West.
North Sydney—Consulate of Portugal, P.O. Box 769.
Saint John—Consulate of Portugal, 4 North Wharf.
Toronto—Consulate of Portugal, 159 Bay Street.
Vancouver—Consulate of Portugal, 1929 West Broadway.

SPAIN

Ottawa—Commercial Counsellor to the Spanish Embassy, 162 Daly Avenue.

SWEDEN

Ottawa—Secretary, Royal Embassy of Sweden, Suite 704, 140 Wellington Street.
Montreal—Trade Commissioner, Royal Consulate General of Sweden, 2055 Bishop Street.
Vancouver—Trade Commissioner, Royal Consulate of Sweden, Dominion Bank Bldg.

SWITZERLAND

Ottawa—Counsellor of Embassy, Swiss Embassy, 5 Marlborough Avenue.
Montreal—Consul General of Switzerland, 1572 McGregor Street.
Toronto—Consul of Switzerland, 100 University Avenue.
Vancouver—Consul of Switzerland, 402 West Pender Street.
Winnipeg—Consul of Switzerland, 200 Blackburn Bldg., 269 Kennedy Street.

THAILAND

Toronto—Consul of Thailand, Suite 600, 199 Bay Street.
Vancouver—Consul of Thailand, 5416 Marguerite Street.

TURKEY

New York—Commercial Counsellor, Turkish Embassy, 551 Fifth Avenue.

UNION OF SOUTH AFRICA

Ottawa—Commercial Secretary, Office of the High Commissioner for the Union of South Africa, 15 Sussex Drive.

UNION OF SOVIET SOCIALIST REPUBLICS

Ottawa—Commercial Counsellor, Embassy of the USSR, 24 Blackburn Avenue.

UNITED ARAB REPUBLIC

Ottawa—Commercial Secretary, Embassy of the United Arab Republic, Roxborough Apts., Apt. 66.

UNITED KINGDOM

Ottawa—United Kingdom Senior Trade Commissioner and Economic Adviser to the High Commissioner, 56 Sparks Street.
Edmonton—United Kingdom Trade Commissioner for Alberta and Northwest Territories, Imperial Bank Bldg., Jasper Avenue.
Halifax—United Kingdom Trade Commissioner for the Atlantic Provinces, 65 Spring Garden Road.
Regina—Office of the United Kingdom Trade Commissioner, Derrick Bldg., Room 207, 2431 11th Avenue.
Montreal—United Kingdom Trade Commissioner for Quebec, 1111 Beaver Hall Hill.
Toronto—United Kingdom Trade Commissioner for Ontario, 119 Adelaide Street West.
Vancouver—United Kingdom Trade Commissioner for British Columbia and Yukon Territories, 540 Burrard Street.
Winnipeg—United Kingdom Trade Commissioner for Manitoba, Saskatchewan, and Northwest Ontario, 504 Main Street.

UNITED STATES

Ottawa—Commercial Attaché, Embassy of the United States, 100 Wellington Street.
Calgary—Consul of the United States, 501 Toronto General Trusts Bldg.
Edmonton—Consul of the United States, 214 Empire Block.
Halifax—Consul General of the United States, Bank of Nova Scotia Bldg.
Montreal—Consul General of the United States, 1558 McGregor Avenue.
Quebec—Consul of the United States, 1 Ste. Genevieve Avenue.
Saint John—Consul of the United States, 206 Union Street.
St. John's—Consul General of the United States, King's Bridge Road.
Toronto—Consul General of the United States, 360 University Avenue.
Vancouver—Consul General of the United States, Burrard Bldg., 1030 W. Georgia Street.
Windsor—Consul of the United States, Canada Trust Bldg.
Winnipeg—Consul General of the United States, 402 Tribune Bldg.

URUGUAY

Ottawa—Chargé d'Affaires a.i., the Roxborough Apts., Apt. 32

VENEZUELA

Ottawa—Commercial Attaché, Embassy of Venezuela, Roxborough Apts., Apt. 21.
Halifax—Consul, Jack Bldg., Barrington Street.
Montreal—Consul General of Venezuela, 2052 St. Catherine Street West.
Vancouver—Consul of Venezuela, 525 Seymour Street.

THE WEST INDIES, BRITISH GUIANA, AND BRITISH HONDURAS

Montreal—Commissioner for The West Indies, British Guiana, and British Honduras, Suite 200, 1210 Sherbrooke Street West.

YUGOSLAVIA

Ottawa—Embassy of the Federal People's Republic of Yugoslavia, 17 Blackburn Avenue.
Toronto—Consul General of the FPR of Yugoslavia, 377 Spadina Road.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0491803.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 4	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01155	86.58	(
Austria	Schilling		.03670	27.25	
Australia	Pound		2.1358	.4682	
Bahamas	Pound		2.6698	.3745	
Belgium, Belgian Congo and Luxembourg	Franc		.01909	52.38	
Bermuda	Pound		2.6698	.3745	
Bolivia	Boliviano	Free	.00008342	11,987.53	
British Guiana	Dollar		.5562	1.80	
British Honduras	Dollar		.6675	1.50	
Brazil	Cruzeiro	General Category*	.004663	214.47	*Nov. 24 (2
		Special Category	.002301	434.59	
		Official selling	.05038	19.85	(3
Burma	Kyat		.2002	4.99	
Ceylon	Rupee		.2002	4.99	
Chile	Peso	Free	.0009060	1,103.75	(4
Colombia	Peso	Certificate	.1489	6.71	
Costa Rica	Colon	Official	.1697	5.89	
		Controlled free	.1433	6.98	
Cuba	Peso		.9531	1.05	tax 2
Czechoslovakia	Koruna		.1324	7.55	
Denmark	Krone		.1381	7.24	
Dominican Republic	Peso		.9531	1.05	
Ecuador	Sucre	Official	.06354	15.74	
		Free	.05431	18.41	
Egyptian Region, United Arab Rep.	Pound	Official	2.7370	.3654	
		Export account selling	2.1750	.4598	
El Salvador	Colon		.3813	2.62	
Fiji	Pound		2.4052	.4158	
Finland	Markka		.002979	335.68	
France, Monaco, etc.	New Franc		.1942	5.15	(5
French colonies	Franc		.003884	257.46	(6
French Pacific	Franc		.01068	93.63	(7
Germany	D Mark		.2286	4.37	
Ghana	Pound		2.6698	.3745	
Greece	Drachma		.03177	31.48	
Guatemala	Quetzal		.9531	1.05	
Haiti	Gourde		.1906	5.25	
Honduras	Lempira		.4766	2.10	
Hong Kong	Dollar	Free*	.1669	5.99	*Dec. 2
		Official	.1669	5.99	
Iceland	Krona	Official	.05853	17.08	(8
India	Rupee		.2002	4.99	
Indonesia	Rupiah	Official rate	.02118	47.21	(8
Iran	Rial		.01258	79.47	
Iraq	Dinar		2.6688	.3747	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 4	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6698	.3745	
Israel	Pound		.5295	1.89	
Italy	Lira		.001535	651.46	
Japan	Yen		.002648	377.64	
Lebanon	Pound	Free	.3002	3.33	
Mexico	Peso		.07625	13.11	
Netherlands	Florin		.2528	3.95	
Netherlands Antilles	Florin		.5094	1.96	
New Zealand	Pound		2.6698	.3745	
Nicaragua	Cordoba	Effective buying	.1444	6.92	
		Official selling	.1351	7.40	
Norway	Krone		.1334	7.50	
Pakistan	Rupee		.2002	4.99	
Panama	Balboa		.9531	1.05	
Paraguay	Guarani	Official	.007845	127.47	
Peru	Sol	Certificate	.03441	29.06	
Philippines	Peso		.4766	2.10	
Portugal & Colonies	Escudo		.03326	30.07	(9)
Singapore and Malaya	Straits Dollar		.3115	3.21	
Spain and Dependencies	Peseta		.01588	62.95	
Sweden	Krona		.1840	5.43	
Switzerland	Franc		.2203	4.54	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04537	22.04	(8)
Turkey	Lira		.1059	9.44	(8)
Union of South Africa	Pound		2.6698	.3745	
United Kingdom	Pound		2.6698	.3745	
United States	Dollar		.953125	1.0491803	
Uruguay	Peso	Free	.08544	11.70	
		Basic buying	.6289	1.59	(8)
		Principal selling	.4545	2.20	
Venezuela	Bolivar		.2845	3.51	
West Indies Fed.	Dollar		.5562	1.80	(10)
	Pound		2.6698	.3745	(11)
Yugoslavia	Dinar	Official	.003177	314.76	(8)
		Settlement rate	.001508	663.08	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on January 1, 1960.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Trade Commissioners at Work

What are the duties of a Canadian Trade Commissioner stationed abroad? How does he help to represent Canada and assist the Canadian businessman? From time to time we plan, through pictures to show Trade Commissioners carrying out the varied assignments that foreign service provides.

1

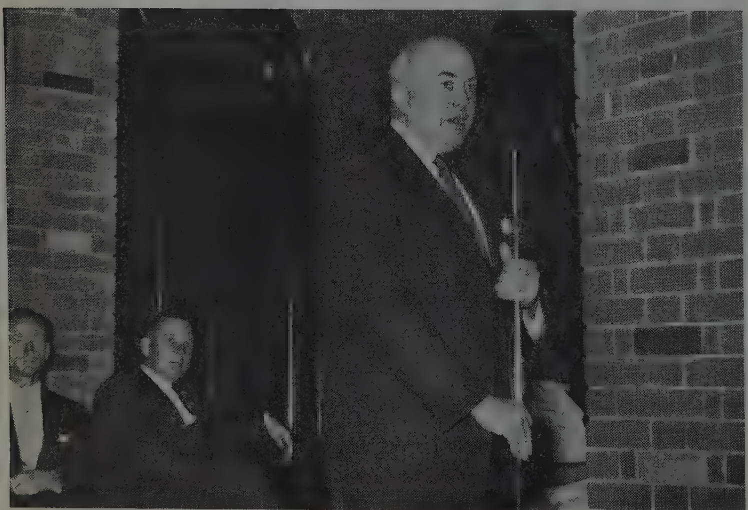
2

1 **Attracting the right people to the exhibit** is essential if Canadian participation in a foreign trade fair is to be worthwhile. To make sure that prospective buyers will see the Canadian products, the Trade Commissioner frequently holds a reception, after which the guests tour the Canadian section at the fair. Shown here is the Commercial Counsellor in Bonn, West Germany, welcoming his guests at a reception during the ANUGA food fair at Cologne in September. This was Canada's first appearance at ANUGA.

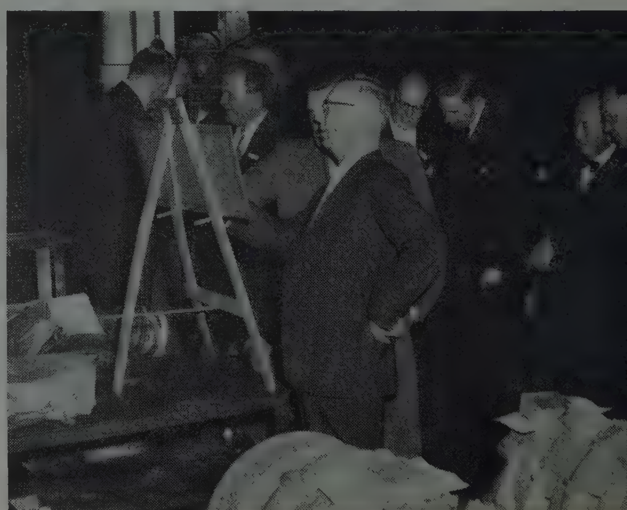
2 **Making presentations on behalf of Canadian organizations** brings the Trade Commissioner in contact with interesting people. On this occasion, the Deputy Consul General (Commercial) (far left) and the Consul General of Canada (centre, right) in New York represented the Toronto Harbour Commissioners. They presented a scroll and a medallion to the Hon. Robert F. Wagner, Mayor of New York (centre, left) in his capacity as mayor of the home port of the S.S. *Extavia*, the first ocean-going vessel of United States registry to reach Toronto after the opening of the St. Lawrence Seaway.

3 **As the guest of honour at a special function** the Trade Commissioner brings Canada closer to the people of the country where he is stationed. When the town of Tamworth in Australia held its annual Festival of Light, it chose the Canadian Commercial Counsellor to open the ceremonies. Tamworth's festival celebrates the fact that in 1888 it was the first town in Australia to have electric street illumination. Seated behind the Commercial Counsellor are the Mayor and the State Member of Parliament.

4 **Helping Canadian businessmen to get the most out of their visits abroad** is an important part of the Trade Commissioner's job. Five Toronto businessmen recently toured industry in Liverpool at the invitation of the city's Chamber of Commerce. The Canadian Trade Commissioner (sixth from left) accompanied them on their visits to plants like the one shown above.



3



4

Established in 1904

foreign trade

OTTAWA, JANUARY 30, 1960 Vol. 113, No. 3

CANADA

cover A typically Oriental design was chosen for our cover to introduce reports on business, industry and trade in seventeen Far Eastern countries. These reports, prepared by our Trade Commissioners, bring the reader up-to-date on developments in the past year over a wide area, stretching from Burma to Indonesia and Japan.

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

78440-5—1

CANADA'S TRADE WITH THE FAR EAST

Exports to the Far East in 1959 bid fair to equal the 1957 figure, because conditions in most of these countries improved. Grains, metals and minerals, and pulp and paper are still holding their dominant position in this trade.

W. D. WALLACE,
Asia and Middle East Division.

IMPROVED economic conditions and the convertibility of sterling and other European currencies brought about a substantial advance in the foreign trade of many of the Far Eastern countries during 1959. Canada has shared in this gain, particularly in Japan. The 1959 shipments from Canada to the Far Eastern markets should approximate the 1957 record of $183 million. Imports from the Far East, on the basis of the $111 million figure for the first nine months of 1959, may set a record of $147 million.

The attached table shows that Japan is our most important trading partner in the Far East. It increased its share of the trade during the past year by taking 75 per cent of Canada's exports to and supplying 69 per cent of our imports from this area. The Philippines remains the second most important market, followed closely by Hong Kong. Communist China, which did not purchase any of our wheat or flour last year, declined to seventh place among our Far Eastern markets. On the import side, Malaya and Singapore continue to be second only to Japan as a source of supply, followed by Hong Kong and Communist China.

The pattern of Canada's exports to the Far East during the past year has exhibited scarcely any change. The major exports by value include wheat, barley, flaxseed, rapeseed, iron ore, copper, aluminum, asbestos fibre, pulp and paper, and fertilizers. These countries continue to be a market for a wide range of other Canadian products, but their total export value is small compared with the major products mentioned above.

A brief resumé of the trade with the Far Eastern countries is given in the following paragraphs.

North Borneo, Sarawak, Brunei—Canada carries on a very limited trade with North Borneo, Sarawak and Brunei. Even the convertibility of sterling and other European currencies and the resulting relaxation of import restrictions has brought little change in the volume of trade. Our sales to this market consist primarily of machinery, gas engines and some food products. The major portion of the business is handled through agents in Singapore and the best approach to these markets is through Singapore.

Burma—Although business conditions in Burma definitely improved during the past year, the country will continue to need foreign aid. Burma has been a small market for Canadian products and prospects for increased sales to this area are brightening. In this price-conscious market the best opportunities seem to lie in small quantities of raw materials, some food products, consumer goods and industrial equipment.

Communist China—For January-November 1959, Canada's exports to Communist China totalled $1.6 million, considerably below the $7.8 million of 1958. The decline resulted from the non-shipment of wheat and flour during the past year. As a result, the export position remains much as it was in 1957 and 1958. Our sales consisted mainly of fine nickel, copper rods, magnesium, scientific apparatus, hospital equipment, and drugs and chemicals. Other Canadian products moved through third countries to Communist China; some of these sales were substantial and would

dd greatly to the total export igures. Imports into Canada from China may reach $4.8 million for 1959, just below the 1957 and 1958 totals, with walnuts, peanuts, aw fur skins and cotton products he chief commodities. The foreign rade of Communist China coninues to be dominated by the Soviet Bloc, which obtains some 70 to 75 per cent of the business. The remainder, carried on with Western and with other Far Eastern counries, is shared mostly by the United Kingdom, West Germany and France. The limited market for Canadian products in Communist China appears to be including a wider range of products and sales opporunities may increase.

Hong Kong—Canada's trade with Hong Kong during 1959 has risen substantially and may reach a record high of $12 million. Because Hong Kong is an entrepôt centre for many countries in the Far East, some of the goods bought from Canada are re-exported to other countries. The prospects for Canadian sales in Hong Kong are mixed. Although the competition in manufactured goods from other industrial countries is increasing, demand for raw materials and semi-processed goods for Hong Kong's expanding secondary industry is providing a growing market for Canadian suppliers. The size of this demand will depend on the success of Hong Kong's exporters in selling finished products.

Indonesia—Business activity in Indonesia continued at a low level during 1959 and the country had to adopt certain monetary reforms and implement further import restrictions. Canada's imports from Indonesia declined sharply, but our exports to Indonesia were at a rate close to the 1958 level of $1.7 million. Until the country is able to increase its export business and build up foreign exchange reserves, import opportunities will remain restricted.

Japan—A general improvement in economic conditions in Japan in 1959 was accompanied by a substantial increase in foreign trade and a large balance-of-payments surplus. Canada's trade with Japan benefited from this prosperity and will be close to the record 1957 sales of $139 million. On the other hand, imports into Canada from Japan may reach a record of over $100 million, compared with $70 million in 1958. The outlook for further gains in trade between the two countries is promising, as Japan is beginning to remove some import restrictions. Furthermore, her growing industry is showing more interest in Canadian sources of supply for raw materials.

The Philippines—Despite a deterioration in economic conditions in the Philippines and a continuing shortage of foreign exchange, this country remains Canada's second largest market in the Far East; it is an important purchaser of wheat and flour, newsprint paper, chemicals and fertilizers. Canada's exports to the Philippines for 1959 will be near the 1958 figure of $14 million, but some $4 million below the 1956 and 1957 totals. The Philippines economic national movement is gaining strength and this may tend to disrupt business and affect a number of Canadian agency arrangements. Increased competition from Europe and Japan is making this market more difficult but, on the other hand, industrial diversification is offering new opportunities for Canadian raw materials and semi-finished goods.

Singapore and Malaya—Singapore gained its independence this past year but its trade must be considered with that of the Federation of Malaya, with which it has close commercial ties. Actually Singapore handles about 70 per cent of Malaya's total external trade. Their economies are based mainly on the production and export of rubber and tin. They are more important to Canada as a source of supply of rubber, tin, palm oil and pepper than as an outlet for Canadian products. Nevertheless, our exports to this area for 1959 are estimated at close to the 1958 total of $3.2 million and paper, asbestos, gas engines and a variety of consumer goods were included. Foreign competition may make it difficult to step up the sale of Canadian consumer goods in this area but the opportunities for raw materials and

CANADIAN TRADE WITH THE FAR EAST

	Exports to				Imports from			
	1956	1957	1958	1959 Jan.-Nov.	1956	1957	1958	1959 Jan.-Sept.
	(in thousands of dollars)							
Japan	127,870	139,152	104,891	123,719	60,826	61,605	70,216	76,276
Philippines	18,060	17,540	14,088	13,170	2,461	3,976	2,187	941
Hong Kong	7,026	7,595	6,054	10,539	5,699	7,223	8,823	9,565
South Korea	2,864	7,302	4,308	6,075	8	35	24	89
Malaya and Singapore	3,914	3,316	3,233	2,899	28,558	27,356	19,904	18,922
Thailand	1,936	2,046	1,294	1,821	1,103	630	649	506
Communist China	2,427	1,392	7,809	1,651	5,721	5,304	5,376	3,631
Indonesia	1,243	1,633	1,695	1,483	1,143	965	231	120
Taiwan	751	1,648	1,167	1,277	112	193	159	513
Burma	288	244	957	807	1	9	88	16
Indo-China	546	1,020	266	393	16	7	5	12
British Borneo	127	187	113	72	122	120	133	252
TOTAL	167,052	183,075	145,875	163,906	105,776	107,423	107,827	110,843

semi-manufactured goods should keep on improving.

South Korea—The economy of South Korea still depends upon foreign aid. A reduction of this aid in 1959 has resulted in a decrease in imports and a decline in the value of local currency. Despite this, Canada's exports to South Korea for 1959, particularly of fertilizers and synthetic fibres, rose over 1958. The outlook for 1960 for such products as pulp, sulphur and potash appears to be favourable.

South Vietnam, Cambodia, Laos—Although there was a general improvement in the economy of South Vietnam during 1959, there was little if any change in the economies of Cambodia and Laos. Foreign aid continues to play an important rôle and a cut in this during the past year has had adverse effects. Canada's direct trade with these countries is not large and, with the exception of South Vietnam, opportunities are limited. With better business conditions in the latter country and a movement towards increased industrial production, Canadian sales to Vietnam may well expand.

Taiwan—Taiwan's foreign trade is closely associated with Japan and the United States. Japan is her major trading partner, taking almost 50 per cent of the country's exports and supplying over 50 per cent of its imports. The United States through its various aid programs furnishes about 25 per cent of the island's needs. Canada's exports to Taiwan for 1959 will total $1.3 million, chiefly wood pulp, asbestos, base metals and synthetic resins. Imports into Canada are the highest in the past four years, with plywood, tea, canned pineapple, and hoods and shapes our chief purchases.

Thailand—Economic conditions improved in Thailand during 1959, but imports far outstripped the large increase in exports, leaving a substantial unfavourable balance of trade. A 10 per cent increase in the Thai customs tariff took effect in June and a completely revised tariff adopting the Brussels nomenclature became effective on January 1, 1960. Canada's sales to Thailand for 1959 have expanded over the previous year and should be close to the 1957 value of just over $2 million. Thailand takes a wide range of goods from Canada, but shipments of flour, motor vehicles and parts, electrical equipment, files and rasps, and aluminum products dominate the trade. As the country becomes industrialized, there will be increasing opportunities for Canadian materials and for engineering services. ●

Japan

Import restrictions are disappearing gradually as balance-of-payments position improves, though some signs of a check to economic expansion by mid-1960 are appearing. Purchases from Canada rose in 1959; sales to Canada increased sharply; trade prospects for this year excellent.

J. L. MUTTER, *Commercial Counsellor, Tokyo.*

THE year 1959 was a record-breaking one for Japan and the country moves into the '60's on a flood-tide of expansion.

The economic upswing that took place during the first nine months of the year was highlighted by increased exports, especially to North America. The industrial production index for October stood at 185.4 (1955=100) compared with 149.2 in the same month of 1958. Nearly all manufacturing industries participated in this rise; the greatest percentage increases in output over 1958 came in machinery, followed by non-ferrous metals, petroleum products and iron and steel. The latter enjoyed increased export demand as a result of the steel strike in the United States. In contrast, coal-mining, shipping and shipbuilding were depressed and the chemical fertilizer industry was affected by a decline in orders from South East Asia. However, commercial circles generally basked in record prosperity during the first half of fiscal 1958 (April-September). A check by the Ministry of Finance showed that the total net profits of 192 leading corporations during that period were 32 per cent higher than in the preceding six months and 12.5 per cent higher than during the first half of fiscal 1957.

Despite the damage wrought by a series of typhoons, one of which devastated Nagoya and its hinterland and caused heavy loss of life, Japan's farmers as a whole prospered. If final figures confirm the latest forecast of 12,399,000 tons, last year's rice crop was the best ever, exceeding the previous record (1955) by about 14,000 tons. The combined total production of wheat, barley and rye—all of these crops were about 11 per cent greater than in 1958—was expected to reach 3.7 million tons, the third largest harvest of these grains on record.

Balance of Payments

Deflationary measures, particularly the tight money policy invoked early in 1957 which resulted in the sharp cutback in imports in 1958, were mainly responsible for the change in the Japanese balance-of-

payments position from a heavy deficit to a substantial surplus. The favourable trend in exports which set in in the autumn of 1958 is expected to continue and thus this surplus position is likely to be maintained.

Japan's foreign currency reserves in November registered an all-time high of $1,291 million ($41 million over the previous month), compared with $974 million at the end of March 1959. Foreign exchange accounts during the first half of fiscal 1959 (April-September) showed receipts at $2,012 million, 7.6 per cent better than the $1,870 million for the half-year ending March 31. Payments amounted to $1,789 million, an increase of nearly 15 per cent over the $1,557 million of the preceding six months. There was thus a surplus of $223 million at the end of September and a cumulative favourable balance of $116 million after deducting postponed payments amounting to $107 million.

Trade Liberalization

In March 1959, concurrently with the publication of the foreign exchange budget for the first half of the new fiscal year, the first evidence appeared of the Government's intention to ease import restrictions gradually. At that time, the addition to the Automatic Approval list of 26 import items was announced. Somewhat later, following upon agitation by influential Japanese business organizations for a relaxation of the rigid regulations governing foreign investment in Japan, a review of the existing legislation was undertaken in the Ministry of Finance. The liberalization of the dollar exchange rate went into effect on September 12. Immediately thereafter, on the eve of the general meeting of the International Monetary Fund and in response to pressure from the United States and other trading partners, a basic policy on steps towards import liberalization was approved at cabinet level.

Parts of this policy were foreshadowed when the foreign exchange budget for the second half of fiscal 1959 (October to March 1960) was published and were elaborated upon during the 15th session of the GATT which opened in Tokyo on October 26 and was preceded by balance-of-payments consultations. At this session, and not unexpectedly in view of Japan's rising favourable balance of international payments and export surplus in trade with the United States, there were frequent criticisms of the extent, complexity and restrictive (in some cases discriminatory) nature of Japanese import and exchange controls, and of the slow and cautious approach towards trade liberalization. Simultaneously, there were requests from all quarters (including some of the most influential of Japan's own commercial and industrial associations) for the abolition of these impediments to freely competitive trade.

Under this stimulus the removal, or the promise of the removal, of a number of trade barriers was announced November 11. In summary, the principal relaxations the announcement promised were:

- The reclassification, as goods importable under the global Automatic Approval System, of ten basic commodities hitherto subject to restriction only when imported from the dollar area.

- The transfer to the Automatic Approval list of 65 out of about 200 items which hitherto had been imported only under the Special Foreign Fund Allocation System (otherwise known as the Retention System).

- The transfer to the Automatic Approval list of 15 foodstuffs items that previously could be imported only under barter arrangements.

On board a Japanese fishing vessel, the crew hauls in and stacks up king crabs caught in the northern seas. The annual fisheries catch normally totals about five million tons, and serves both to feed the Japanese themselves and to furnish exports. About 200,000 tons of canned marine products are shipped abroad every year.

78440-5—2

• The creation of a new system, to be known as the Automatic Allocation System, whereby funds will be allocated without limit for the import of some 48 machinery items (provided such imports do not affect undesirably Japan's balance-of-payments position nor seriously injure related domestic industries).

• The easing of restrictions on the import of some 50 consumer goods items—including whisky, confectionery, TV receivers, fountain pens and binoculars—for which no foreign exchange has been made available in the past, or which heretofore could be imported only under the provisions of bilateral trade agreements.

Some of these measures were to take effect in whole or in part on January 1, 1960, and others as early as possible within the fiscal year ending March 1961.

Foreign Trade

Exports for the first ten months of 1959 reached $2,769 million (exports in 1958 totalled $2,876 million) and are certain to run well over the predicted figure of $3,000 million for the year. After rising at an unexpected rate from April onwards, they dropped slightly in September to $282.8 million, a decline of $19 million (or 6 per cent) below August. The fall-off occurred mainly in goods produced in the area extensively damaged by Typhoon Vera, such as pottery, porcelainware and plywood. The rise was resumed, however, in October when exports totalled $345 million. Imports from January through October had a value of $2,935 million compared with $3,033 million in the whole of 1958. Although the level continued high, the rate of increase showed signs of slowing up. Thus imports during August went below $300 million for the first time in five months. They stood at $298 million in September and $297 million in October.

The breakdown of exports by major commodity classifications (1958) was manufactured goods 72 per cent (68.8), semi-manufactured goods 17 per cent (20), foodstuffs 7 per cent (8), raw materials 3 per cent (2.8). The import breakdown was raw materials 56.7 per cent (53.5), foodstuffs 16.6 per cent (19.7), manufactured goods 16.9 per cent (17.7), semi-manufactured goods 9.6 per cent (8.9). Notable export increases occured in raw silk, rayon filament yarn, silk fabrics, woollen fabrics, clothing, iron and steel, sewing machines, optical instruments, plywood and toys. On the import side, keeping pace with the expansion of industrial production, new records were established in iron and steel scrap, iron ore, and non-ferrous metal ore. Large import increases were also registered in hides and skins, crude rubber, wood pulp, timber and hemp.

Probably the most dramatic development in the year's international trading was the substantial gain recorded in exports to North America, as shown in the table below, comparing the figures for the first eight months of 1959 and of 1958.

With one exception (exports to Africa), shipments to all areas in 1959 were up over 1958. Perhaps the most significant increases were in exports to Europe and North America, 15.3 and 48.6 per cent respectively, confirming that trade flourishes between industrially developed nations. Meanwhile sales to Asian markets, although they tended to pick up during the last month or two of the year, were onl 2.5 per cent above 1958 for th first eight months and there ar several Japanese manufacturers c chemical fertilizers, railway rollin stock and textile machinery wit surplus production facilities built i anticipation of large orders fror South East Asia that have so fa failed to materialize.

Japanese exports to the Unite States have climbed steadily fron about $227 million in 1953 to $68 million in 1958. For the first nin months of 1959 they totalled $72 million, or 53 per cent more thar in the same period of 1958. From February onwards, the U.S.-Japar trade balance began to move i Japan's favour, with the returns fo each subsequent month showing a slight excess of exports over imports. Although steel products contributed most heavily to this rise, sales of these producer goods were abnormal because of the U.S. steel strike. Otherwise, there was no basic change in the pattern of Japanese exports to the United States and the increase for the most part was the result of strong demand for consumer goods with a high labour content. Two outstanding products in this area were optical instruments (mainly cameras and binoculars) and electrical products, (chiefly transistor radios). Japan's exports of small radios and transistors in 1958 were valued at $34 million, a 240 per cent increase over 1957. In the first nine months of 1959, some 3,800,000 units valued at $57

MERCHANDISE IMPORTS AND EXPORTS BY GEOGRAPHICAL AREAS

(in thousands of dollars)

	IMPORTS			EXPORTS		
	Jan.-Aug. 1959	Jan.-Aug. 1958	Change from '58 %	Jan.-Aug. 1959	Jan.-Aug. 1958	Change from '58 %
TOTAL	2,339,951	2,076,889	+12.7	2,141,781	1,849,051	+15.8
Asia	759,076	653,215	+16.2	728,599	711,059	+ 2.5
Europe	242,761	183,163	+32.5	224,643	194,762	+15.3
North America	989,196	950,414	+ 4.1	783,771	527,325	+48.6
South America	56,836	53,433	+ 6.4	77,299	73,011	+ 5.9
Africa	81,778	60,201	+35.8	258,530	288,632	−10.4
Australia and Oceania	210,161	176,340	+19.2	68,726	54,206	+26.8

million were exported. Two-thirds of these were shipped to North America.

Canada-Japan Trade

Canadian exports to Japan during the first ten months of 1959 totalled $110.6 million, compared with $83.3 million in the same period of 1958 and $5.7 million more than for the whole of that year. At this rate our total exports for 1959 should approach closely the 1957 record of $139 million. Our exports to this market were virtually limited to 30 basic commodities (see table) and with three or four exceptions, these were either bulk foodstuffs or raw materials for industry. This is the traditional pattern. Almost all commodities showed substantial increases over 1958 but the heavier movement of wheat, oilseeds, wood pulp, iron ore, scrap iron, aluminum ingot, asbestos and other minerals, including coal, was mainly responsible for the 32 per cent improvement over January-October 1958.

If Japan's economic activity continues at or near the present tempo, imports from Canada in 1960 can be expected to match or exceed their current volume. One exception is barley, and indications are that little if any will be imported from any source because of the harvesting of the fourth bumper rice crop in succession. Sales of wheat should at least equal the 1959 figure. Japanese interest in Canada as a source of supply of raw materials for the steel and other metal industries is keener than ever and our exports of iron ore, other minerals, metals and metal scrap should hold up well.

CANADIAN EXPORTS TO JAPAN

Commodity	Ten months ended Oct. 1959	Ten months ended Oct. 1958
	(Canadian dollars)	
Barley	$ 5,269,850	$ 6,312,320
Wheat, except seed n.o.p.	57,928,952	50,665,264
Flour of wheat n.o.p.	1,831,347	587,599
Whisky	1,389,616	839,125
Flaxseed, n.o.p.	6,877,656	3,444,108
Mustardseed	293,545	318,339
Rapeseed	2,267,504	1,671,585
Seeds n.o.p.	475,250	
Calf skins and kips, raw	375,075	487,305
Cattle hides, raw	398,771	280,429
Grease and soap stock, animal	313,838	
Tallow	670,072	799,877
Pulp, sulphite, bleached, dissolving	5,816,945	2,416,863
Iron ore	3,831,274	2,764,160
Scrap iron or steel	1,707,380	
Engines, aircraft and parts	516,317	
Bookkeeping cal. mach. and parts	856,693	412,648
Aluminum scrap	475,975	26,283
Aluminum in primary forms	3,835,112	5,430
Brass scrap, dross and ashes	535,777	93,374
Brass tubing	241,735	97,235
Copper, fine in ore	2,997,775	1,051,222
Molybdenite	553,214	
Asbestos milled fibres	2,761,320	1,647,705
Asbestos waste refuse shorts	1,187,517	501,113
Coal n.o.p.	569,190	26,709
Non-metallic minerals no.p.	671,167	10,312
Fertilizers, except animal n.o.p.	300,096	
Synthetic resins n.o.p.	874,488	1,643,439
Drugs and chemicals n.o.p.	2,477,379	2,350,940
	$108,300,830	$78,453,384
Total value of all items other than those listed above	2,318,278	4,846,613
GRAND TOTAL	$110,619,108	$83,299,997

Japan's exports to Canada in the first seven months of 1959 were valued at $57 million (DBS figures) compared with $35.8 million for January-July 1958. To a great extent this sharp rise resulted from the tremendous upsurge in shipments of textiles and wearing apparel, especially those of synthetic fibre, during the first 5½ months. Japanese statistics for the first eight months of 1959 show exports to Canada at $74 million (of which about $22 million comprised textiles and products, and $5 million iron and steel products). In the light of these figures, it will be surprising if total Japanese exports to Canada for the whole year fail to reach the $100 million mark.

Export licensing of synthetic textile products was suspended in mid-June at the request of the Canadian Government and resumed two months later, after consultations and agreement by Japan to apply to these goods "voluntary" export controls similar to those that have applied to cotton textile exports to Canada since 1956. The effect of the new restraints will only be reflected in trade statistics for 1960. Although some levelling-off should result, Japanese exporters generally can be expected to maintain, and in numerous lines improve, their share of the Canadian market.

Prospects and Problems

At the moment, the Japanese economy is booming. All the signs point to increasing growth during the remainder of the current fiscal year and in 1960. The Economic

78440-5—2½

Planning Agency estimates the G.N.P. for the year beginning April 1 at $34,528 million, 6.6 per cent over fiscal 1959 and 11 per cent over 1958. Mining and manufacturing are expected to rise 10.8 per cent; agriculture, forestry and fishing by 12.1 per cent. Investment in capital equipment, which for 1959 was originally estimated at $4,778 million but has accelerated since September, is expected to go up by about 10 per cent in the new year. Fiscal 1960 exports are estimated at $3,570 million and imports at $3,450 million, increases of 9.8 and 9.5 per cent respectively over the estimates for the current fiscal year. Japan's international payments balance at the end of March 1961 is expected to be $180 million in the black, compared with the estimated $200 million favourable balance at March 1960.

Despite these optimistic forecasts, it was evident last November that opinion was gaining ground, especially among officials of the Bank of Japan and other foreign exchange banks, that the balance-of-payments trend could alter, say, in mid-1960 because of prospective changes in trading conditions that could well exert considerable pressure about April next. Indications included:

1. The increased cost of raw materials imports, aggravated by rising ocean freight rates, (e.g., scrap iron rose from $34 a ton in May 1959 to $46 a ton in October and the British Chamber of Shipping's freightage index for trampers (1952=100) stood at 80.4 in October compared with 64.4 in May. Raw cotton and raw wool prices in October were up 10 and 16 per cent respectively over a year ago.)

2. The rising prices of commodities in the Japanese domestic market, coupled with "bottlenecks" created by inadequate transport facilities (road and rail), power supply shortages, etc., causing difficulties in the way of expanding exports.

3. Uncertainty about future developments in the United States, Japan's principal market; a stiffening of the attitude towards Japanese imports, aggravated by the deterioration of the U.S. balance-of-payments position; a reduction in U.S. foreign aid grants and offshore procurements; a decline in U.S. consumer purchasing power because of industrial disputes.

It has also been suggested that trade liberalization measures during the next few months may give rise to a rash of speculative imports and this, coinciding with price increases in raw materials, could result in a sharp increase in the import bill. However, a close examination of the recent announcements suggests that the liberalization promised is less impressive than appears at first sight. For instance, in some cases restrictions are to be lifted on a range of products, competitive imports of which are admittedly unlikely, and for others the date on which liberalization is to become effective may be long delayed.

In any event, the Bank of Japan, mindful of the experience which followed the foreign exchange crisis of 1957, has argued the need for taking measures to brake excessive expansion, maintain a balanced economic development, and thus prolong the present prosperity of the country. In implementation of this monetary policy, the Bank on December 1 flashed a warning signal by raising the official discount rate from 6.935 to 7.3 per cent a year, effective December 2. A day or two later the commercial banks followed suit, raising their maximum interest rate on loans by 0.365 per cent a year. •

South Korea

Canada's sales, principally raw materials, went up last year, although total imports declined. Long-term prospects for some Canadian materials appear good, but exporters should understand problems involved in selling here.

R. G. WOOLHAM, *Assistant Commercial Secretary, Tokyo.*

SOUTH Korea, with substantial assistance from the United States, provides a market for raw materials and manufactured products valued at from $200 million to $350 million a year. The principal suppliers are the United States, Japan, West Germany and a number of other European countries. According to the Bank of Korea, 1958 imports totalled U.S.$378 million. Information from the same source indicates that 1959 purchases will be considerably below that figure. This decline reflects a cut in aid receipts, the break in trade relations between Japan and South Korea that occurred last June, and the delay in setting up the Korean import program for the last quarter of 1959.

The decrease in available foreign exchange during 1959 affected adversely the real value of the South Korean Hwan currency, which in December was being quoted on the free market in terms of U.S. dollars at a rate over 5 per cent higher than in December 1958. This inflationary tendency probably will become even more pronounced during 1960 as a result of drastic cuts in aid funds for the period recently announced. In 1959 this aid totalled an estimated $265 million, which included $210 million in ICA Defence Support Aid, $35 million

in surplus U.S. agricultural commodities, $9 million in DLF loans, and another $9 million or so in project assistance programs. In the past, Defence Support Aid has been announced separately and last autumn the 1960 figure was given as $180 million. However, this time the figure included the value of all the foregoing components, representing a substantial reduction in U.S. aid of nearly $85 million, or 30 per cent less than in 1958.

In addition to needed raw materials, fertilizers and fuels, South Korea imports substantial quantities of capital goods, including power and transport equipment, electrical apparatus and industrial machinery. It is likely, therefore, that with less foreign exchange to spend, imports of capital equipment will drop this year.

Canadian Exports

On the other hand, Canadian sales to South Korea are predominantly of raw materials and the 1959 value will probably total nearly $6 million (see accompanying table). Although imports from all sources were down last year, Canada's sales increased from the $3.6 million of 1958. Two products were mainly responsible—fertilizers and synthetic fibres, both of which improved their competitive position last year. (Mixed fertilizers also benefited from less Japanese competition.) Fertilizer sales rose from $1.9 million in 1958 to about $3.7 million in 1959, and synthetic fibres from zero in 1958 to about $500,000 in 1959.

Besides fertilizers and synthetic fibres, other major Canadian exports to this market include pulp, zinc spelter and lumber. Occasionally, highly manufactured Canadian products find a market in South Korea, but the dollar value and the volume are small.

Promising Prospects

New developments in both Canada and South Korea indicate promising long-term opportunities for sales of synthetic rubber, sulphur

PRINCIPAL CANADIAN EXPORTS TO KOREA

(values in Can.$)

	1957	1958	1959 10 months
Food starches, flour n.o.p., gluten			18,180
Malt	49,550	26,932	58,727
Yeast	4,608	25,344	2,304
Whisky	623	576	1,134
Flaxseed n.o.p.		155,916	
Synthetic fibre thread and yarn	197,743		439,241
Synthetic fibre manufactures, n.o.p.	151,415		
Felts and jackets, paper-making	4,800		15,087
Planks, boards, cedar			102,363
Planks, boards, hemlock	84,837		207,262
Planks, boards, spruce	21,643		
TOTAL PULP	28,829	893,871	429,265
Wood pulp, sulphate kraft bleached	8,109	519,944	24,982
Wood pulp, sulphate kraft semi-bleached			328,813
Wood pulp, sulphate kraft unbleached	20,720	348,427	75,470
Pulp, sulphite, bleached paper grades		25,500	
Book printing and litho paper	21,615		2,199
Newsprint paper	242,557	130,788	
Plates, sheets and strips, steel	438,523		264
Mining machinery and parts	15,499	2,403	
Air compressors and parts		7,548	
Aluminum in primary forms	318,297	100,585	94,913
Aluminum foil	88,841		
Copper tubing	12,078		
Lead in pigs, refined lead			54,496
Nickel, fine	7,494	11,030	16,035
Zinc spelter	495,373	329,473	477,265
Radio receiving sets	11,797		
Asbestos milled fibres		7,335	13,000
Fire brick			18,783
Medicinal preparations	15,175	20,128	14,075
Ammonium sulphate	1,405,167	892,192	1,981,891
TOTAL FERTILIZERS	4,707,696	1,932,390	3,035,128
Nitrogen phosphate fertilizers			445,958
Nitrogen fertilizer n.o.p.	2,504,467	384,237	607,279
Fertilizers, phosphate	797,276	500,361	
Fertilizer, mixed		155,600	
Calcium compounds	786		
Synthetic resins n.o.p.		12,817	
Polystyrene	18,485	9,961	
Drugs and chemicals n.o.p.	1,035	1,353	5,600
TOTAL*	6,969,541	3,681,991	5,006,334

*Excluding settlers' effects, gifts and donations, goods under $50, and a few other products.

Source: DBS "Trade of Canada".

and potash. United States Army specifications for tires apparently require a percentage of synthetic rubber and South Korean tire manufacturers who wish to sell to the U.S. Army in Korea have started to import small quantities for this purpose. Last autumn, Canada made its first shipment to Korea of synthetic rubber; further sales will likely depend upon the results of this initial order, on technical assistance available in South Korea, and on the competition from other suppliers.

Prospects for sulphur are partially tied in with the natural gas industry in Alberta where cleaning operations are gradually making available fairly large quantities of crude sulphur for export from West Coast ports. Three South Korean sulphuric acid plants that will require imported sulphur are in various stages of development and operation at the present time. Foreign exchange for the import of crude sulphur during 1960 has already been set aside by the South Korean Government.

Exports of Canadian potash are more of a long-term proposition and will depend on the successful exploitation of Saskatchewan's potash resources and the growth of agricultural technology in South Korea to the point where potash is recognized as a needed plant nutrient.

Recently South Korea has shown some interest in the possibility of obtaining magnesite clinker, fire brick, and refractory-type clays from Canada.

Selling to Korea

Obtaining new business in South Korea continues to involve a certain amount of risk and can cause many difficulties for Canadian exporters who are not familiar with this market. Interest rates are extremely high, running from 8 to 12 per cent *per month*. Because most business done with Korean trading companies or importers is on a letter-of-credit basis, a six to eight-week delivery time can add considerably to the c.i.f. price. Even Korean companies that are able to obtain documents-on-payment terms from a foreign supplier are required by law to post a 50 per cent deposit with the Bank of Korea before shipment is made. For this reason, much of the import business in Korea, particularly that subject to a delivery time of more than two weeks, is handled by foreign resident agents who are in a better position to obtain D/P terms or who are financially able to buy for their own account. There are other factors that make this market an unusual one and readers interested in obtaining further information should write to the Commercial Counsellor, Canadian Embassy, Tokyo. ●

Hong Kong

Entrepôt trade with South East Asia has dwindled but increasing exports of locally made goods have taken up the slack. Canadian sales rose 30 per cent in first three quarters of '59; prospects for 1960 good, if current boom in colony continues.

D. J. McEACHRAN, *Assistant Trade Commissioner, Hong Kong.*

THE year 1959 saw Hong Kong emerge from the period of readjustment experienced during the latter half of 1957 and the major part of 1958. Activity increased in virtually all sectors of the economy and notably in secondary manufacturing. The garment, plastic and shipbreaking industries continued to expand and the work force in the glove and flashlight plants grew steadily. Employment in shipbuilding and ship-repairing and the enamelware and footwear industries dropped, but conditions in all three were considered generally satisfactory. The high rate of new industrial construction established over the past few years was maintained, but at a somewhat slower pace than in 1958. Up to the end of August 1959, 939 buildings worth H.K.$121 million were completed, compared with 1,133 units worth H.K.$134 million in the corresponding period in 1958. Receipts from the 250,000 tourists per year are estimated to have climbed some 30 per cent above last year's depressed level, contributing almost U.S.$100 million to the colony's earnings. The transhipment trade increased in volume but did not regain its previous importance, largely because the low level of entrepôt trade with Communist China continued.

The flow of capital into Hong Kong from less stable South East Asian countries kept up during the year and there was increased activity in both overseas investment and the Hong Kong stock exchange (the latter had a twofold increase in turnover). As a direct result of attractive yields on Canadian short-term notes and Treasury bonds, Canada has attracted considerable new investment capital from Hong Kong. The retail price index (March 1947 = 100) rose 10 per cent—from 120 in September 1958 to 132 in September 1959—mainly as a result of higher food prices.

Trading Partners

Total trade for the first nine months of 1959, valued at H.K. $5,845.45 million, was up some 7 per cent over the same period in 1958, with increases in both exports

and imports. This, however, is still some 5 per cent below the 1957 figure.

Merchandise imports for the nine months of 1959 reached H.K.$3,-526.92 million, about 6.6 per cent more than the same period last year but some 9.6 per cent below the first nine months of 1957. Communist China continues to be the principal source of Hong Kong imports and despite a 29 per cent drop in this trade in 1959, supplied nearly 20 per cent of the colony's total imports. (The decrease in purchases from China equals approximately the increase in Chinese sales to Hong Kong in 1958.) The other main suppliers are Japan, the United Kingdom, and the United States, in that order, each supplying from 10 to 15 per cent of the total. Sales to Hong Kong from countries such as South Vietnam, Pakistan and Formosa, although not large in absolute terms, showed gains ranging from 150 to 600 per cent; Australia, Japan, the United States and the United Kingdom boosted their sales to Hong Kong by 40, 22, 13 and 7 per cent respectively.

Exports from Hong Kong during the first three quarters of 1959 totalled H.K.$2,318.53 million, an 8.6 per cent gain over the comparable period of 1958 and 2 per cent above the similar 1957 figure. The entrepôt trade with Communist China and other South East Asian countries has been replaced as a major source of revenue by exports of products wholly or principally of Hong Kong origin. Since 1952 the percentage of locally manufactured goods entering export trade has increased from about 25 to 70 per cent. Exports and re-exports to Japan rose by H.K.$79 million (or 97 per cent) in the first nine months of 1959 compared with the same period of 1958. Shipments to the United States reached H.K.$179 million (a 77 per cent rise), to Canada H.K.$18 million (50 per cent) and to West Germany H.K.$14 million (30 per cent). Figuring largely in these gains were goods made in Hong Kong, such as textile yarns, fabrics and made-up garments, miscellaneous manufactured articles including toys, dolls and plastic artificial flowers; manufactures of metals; footwear and metal scrap.

Canada's Position

Canada ended the first six months of 1959 with a deficit in her trade with Hong Kong of some Can.$2 million; our exports to the colony were valued at Can.$4 million and our imports from Hong Kong at Can.$6 million. On the basis of

PRINCIPAL CANADIAN EXPORTS TO HONG KONG

(thousands of Canadian dollars)

	Year 1957	Year 1958	9 mos. 1959
Primary aluminum	754	1,020	2,048
Plastic raw materials	1,829	1,651	1,577
Wheat flour	922	835	776
Automobiles	530	231	211
Medicinal roots, herbs, barks	297	217	184
Motion picture film	150	153	178
Steel plates, sheets, strips	152	150	158
Wheat	293	301	141
Medicinal preparations	157	142	120
Edible offals	53		99
Rolled oats	38	44	70
Whisky	74	36	68
Drugs and chemicals n.o.p.	60	37	62
Cameras	179	106	61
Files and rasps	39	37	52
Fountain pens and sets	415	56	48
Douglas fir planks and boards	127	61	46
Newsprint paper	269	76	42
Furs and skins and manufactures	10	19	30
Nickel, fine	55	260	24
All others	1,192	622	1,021
TOTAL	7,595	6,054	7,056

Source: Dominion Bureau of Statistics.

In a modern Hong Kong bakery, scraps of dough are automatically returned to be included in a fresh mixture. This plant uses a large proportion of Canadian flour in the mix. Hong Kong continues to be a good market for our wheat flour; bought $776,000 worth in the first nine months of last year.

Canadian statistics, Canadian exports of Can.$7.1 million to Hong Kong during the first nine months of the year are 30 per cent ahead of the same period last year. We have made small gains in our sales of flour, oats, edible offals, whisky, medicinal preparations, drugs and chemicals, motion picture film, and steel plates, sheets and strips, but the major increase came in shipments of primary aluminum (which accounted for over 60 per cent of the rise) and in plastic raw materials. Canada's purchases from Hong Kong for the first half of 1959, at Can.$6.06 million, were some 41 per cent ahead of the Can.$4.28 million of the first six months of 1958. Figuring largely in this rise in our imports were the products of Hong Kong domestic industry, such as made-up textile goods, canvas and rubber footwear, gloves, flashlights, plastic manufactures, toys and wooden furniture.

Where Opportunities Lie

Prospects for sales of Canadian products to Hong Kong in the coming year are promising but they must be conscientiously pursued. Inquiries about Canadian suppliers of furs, leathers, hides and skins, and such food products as pork offals, chicken parts and gluten have been growing. In products of this type, price is the dominant factor but Canadian companies who are willing and able to quote competitively should find customers here. Increased competition from other industrial countries (notably Japan and West Germany) make Canadian sales of finished and consumer goods more and more difficult. This growing industrialization will, however, provide expanding opportunities for a variety of Canadian raw or semi-processed materials, including aluminum, a variety of other metals and metal scrap, plastics, and synthetic resins and chemicals.

How much business Canadian suppliers of these products obtain will depend on the ability of Hong Kong manufacturers to increase their sales to export markets, but indications are that the boom will continue well into 1960 and prospects for Canadian exporters are therefore good. Because Hong Kong is virtually a free port, aggressive selling is a must to meet foreign competition. The days of letter-o credit business in this market ar numbered and consignment ship ments are becoming popular. Cana dian exporters will need to pay clos attention to the terms offered b European suppliers in this area.

Communist China

Exchanges with the Communist Bloc dominate China's trade, but Western countries sell her a narrow range of basic commodities. Canadian exports did well in second half of '59 and prospects for shipping certain types of goods continue promising.

C. J. SMALL, *Trade Commissioner, Hong Kong.*

SUBSTANTIAL industrial expansion took place in Communist China during 1959, but this was counterbalanced by agricultural problems, the result of floods, drought, and insect ravages. A reappraisal of agricultural statistics and industrial development in August 1958 resulted in a downward revision of the 1958 production figures for the main crops and of 1959 industrial targets. The effects of the 1958 organization of people's communes and of the massive effort to produce iron and steel in backyard furnaces were felt in 1958 when, for the first time, the Chinese were forced to default on some of their major export contracts and to withdraw offers on others. Nevertheless, industrial output continued to expand and over-all foreign trade appears to have increased by about 15 per cent over 1958. Imports moved steadily upward. Exports to the Soviet Bloc and Western Europe went up, shipments to Canada remained static, and those to South East Asia fell sharply. The effect of the latter may be felt in 1960, because in recent years China has been able to offset its import surplus with Western Europe and other non Communist countries by its expor surplus with Hong Kong, Malaya and some other Asian countries.

Canadian Position

Statistically, Sino-Canadian trad in 1959 returned to the pattern o Chinese surpluses that has charac terized it in recent years, with th exception of 1958, when the balanc favoured Canada because we mad substantial wheat sales to China There are indications that our trad with Communist China for 195 would actually be in our favour fo the second year in succession, i large shipments of our goods movin to China through third countrie were taken into account. Indus trial expansion continues to b the objective in China and, althoug there may be some halt in th growth of total imports from th West following the decline in foreig exchange earnings from South Eas Asia, there appears to be no reaso why Canadian exports to China an Chinese exports to Canada shoul not both expand gradually in 196 and in the years ahead. Price an political considerations will remai the major influences in this trade.

Between 1950 and 1958 China's imports of the means of production—raw materials and equipment of all types—never accounted for less than 83.1 per cent of total imports and consumer goods never exceeded 16.9 per cent (1951). Since then, the figure for raw materials and equipment has reached a maximum of 94.5 per cent and for consumer goods a minimum of 5.5 per cent (1955). In 1958 these figures were respectively 93.7 and 6.3 per cent. Lest Canadian producers and exporters should exaggerate opportunities for themselves in the small percentage of China's imports of consumer goods, it is worth mentioning that the commodities imported were largely sugar, spices, animal and marine products, cotton cloth, kerosene, drugs, paper and medical apparatus. Most of the products in these categories are either not made in Canada or, if they are, suffer from high prices or other considerations that work against them in the China market.

Chinese exports between 1950 and 1958 changed considerably in complexion, with the share of agricultural and subsidiary products falling from 57.5 to 35.5 per cent, processed agricultural goods rising slightly from 33.2 to 37 per cent, and industrial products rising sharply from 9.3 to a peak of 28.4 per cent in 1957 (27.5 per cent in 1958).

The Communist Bloc, with the Soviet Union in the van, continued to dominate trade with China in 1959 and may well do so for some years to come. According to Chinese figures, trade with the Bloc over the past ten years averaged 75 per cent of the total and at current rates stands at between 75 and 80 per cent. Some experts have suggested that more accurate conversion rates between the yuan and the rouble would alter the Soviet Bloc share of China trade to 60 per cent, with 40 per cent left over for the rest of the world. Whatever cross rates or statistics are employed, the Soviet Bloc is China's major trading partner. The remainder of her trade is almost evenly divided between Asian and Far Eastern countries on the one hand and the rest of the world (mostly Western Europe) on the other.

Importance of Sino-Soviet Trade

The domination of China's trade by the Soviet Bloc has been conditioned from the beginning largely by political considerations, annual trade agreements, and economic assistance offered to China by the Bloc members. The second and third factors stem from the first. Annual trade agreements set up the guide-lines for such trade and effectively reduce the area within which Western countries can compete. Finally, technical and engineering assistance from the U.S.S.R. and its allies have formed the basis for China's recent industrialization and at the same time have assured the Bloc of the major share of China's imports of plant and equipment and most of the raw materials required to operate them. A few figures will serve to illustrate the importance of Bloc export trade to China and the overwhelming proportion of the means of production in such exports. Between 1950 and 1958, the number of lathes imported from the Soviet Bloc represented 77.9 per cent of the total number imported, diesel engines 91.4 per cent, drilling machines 84.5 per cent, automobiles 92.1 per cent, locomotives 99.5 per cent, apparatus and instruments 94.7 per cent, petroleum 96.6 per cent, and ferrous metals 57 per cent.

What China Sells

To pay for all these, China has stepped up its exports to the Soviet Bloc. Between 1949 and 1955, the Chinese ran a trade deficit with their Communist allies and incurred some low-interest debts with the Soviet Union. Since 1955, however, China has developed a growing favourable balance in its trade with the Bloc and is presumably using this to liquidate past deficits and debts. Ultimately it will employ it to increase essential imports from the Bloc.

Principal Chinese exports to the Soviet Bloc in the past have included largely bulk agricultural commodities, with the addition of some industrial and mineral products. To Asian Communist countries, China has exported some machinery and tools; industrial supplies; building materials; communications, transport and telecommunications equipment; and complete plants for the production of textiles, matches, paper, enamelware, glass, bricks, tiles, husked rice and stationery. As with imports from the Bloc, so with exports to it—the percentages of the total have been high, as the following figures indicate. Between 1950 and 1958 soybeans supplied to Bloc countries represented 79.7 per cent of total soybean exports, edible oil 76.7 per cent, tungsten ore 100 per cent, tin 96.4 per cent, frozen pork 99.5 per cent, canned goods 86.8 per cent, apples 89 per cent, woollen piece-goods 96 per cent, and manufactured silk 74.8 per cent.

Trade with Non-Communists

As mentioned earlier, the portion of over-all trade with China enjoyed by the non-Communist world is 25 per cent or 40 per cent, depending on the conversion rates chosen. Slightly over half of the remainder is shared by Asian and Far Eastern countries, among which Hong Kong is by far the most important. The rest of the trade—between 10-18 per cent, again depending on the figures adopted—is with the rest of the world. In fact, however, Western Europe and the United Kingdom secure most of it.

Within the limits described above, Western businessmen can do and are doing business with China. However, an analysis of the trade of China's major Western trading partners reveals that exports to China consist of a narrow range of basic commodities. For example, Britain's sales to China in 1958 totalled nearly U.S.$75 million (excluding re-exports worth an additional U.S. $1.5 million) and approximately one-quarter consisted of wool and

78440-5—3

other animal hair and tops (mostly wool tops), another quarter of non-ferrous metals (mostly copper wire), 16 per cent of iron and steel (primarily black sheets, tinplate and wrought tubes), 11 per cent of chemicals (including elements, compounds, drugs, medicines and medicinal preparations), 10 per cent of machinery (mostly textile machinery, tractors and machine tools), and nearly 4 per cent of electrical equipment. In addition, there were smaller shipments of scientific instruments, synthetic fibre yarn, woven fabrics, and miscellaneous textile manufactures. Preliminary 1959 statistics reveal much the same pattern although the 1959 total was larger and included some big orders for mobile cranes.

Purchases from West

From this example and from similar experience gained by other Western countries, it is obvious that China's primary requirements from the West have been—and will almost certainly continue to be in the immediate future—a limited range of raw materials, fertilizers, machine tools and various means of production to supplement supplies obtained from the Soviet Bloc. The main Western imports of Chinese products have comprised, for the most part, raw or semi-processed agricultural and fish products, cotton cloth, some minerals, silk and handicrafts.

As with the Soviet Bloc, a few Western countries (including Denmark, Norway, Sweden and Finland) have employed formal trade agreements for regulating their trade with China. With other Western countries, some contracts have been negotiated through the China Council for the Promotion of International Trade or by direct contact with the various Chinese State Trading Corporations. Prospects for increasing Western trade with China this year will depend on economic developments in China and the ability of the Chinese to develop their favourable export balance with South East Asia to former levels in order to continue financing purchases from the West.

Trade with Canada

Although the competition among Western businessmen for Chinese contracts may intensify this year, there is no reason why Canadian exporters should not expand their sales to China in certain limited fields—if they can compete in price. Canada so far has played a small part in the China trade but 1958 was the most successful year for our exports to China since the Communists assumed power in 1949. Our total direct sales reached Can. $7.8 million, compared with only Can.$1.4 million in 1957. It is estimated that another Can.$3 million worth of Canadian exports reached China via third countries, bringing our total 1958 sales to about Can. $11 million. However, wheat earned the lion's share ($7 million) and was sold because of a combination of circumstances not present in 1959. In fact, there were few sales of any kind in the first six months of last year. From a total of $864,000 worth of exports to China in this period, $808,000 consisted of shipments of copper rods ($613,000), nickel ($167,000), and scientific apparatus ($28,000), all of which had been sold much earlier.

More encouraging signs appeared in the second half of 1959, with the resumption of exports of cobalt therapy units ($180,000 in August), magnesium ($64,000 in July-August), growing sales of drugs and chemicals ($221,000 by the end of September), and initial sales of synthetic resins ($3,000), yellow and red phosphorous ($150,000), synthetic rubber (over $1 million), polystyrene ($140,000) and aluminum ingot (over $2½ million). Some of these commodities did not appear in Canadian statistics as sales to China because of shipment via third countries; for example, most of the aluminum went to China through Hong Kong.

Chinese exports to Canada in 1957 and 1958 were stable at Can. $5.4 million and in the first half of 1959 exactly equalled the January-June 1958 figure of Can.$2.8 million. However, the Chinese failure to improve their position in 1958 and 1959 resulted from inability to deliver goods either ordered or desired by Canadian traders. This situation should improve in the current year. The major Chinese products absorbed by Canada have continued to be traditional items such as walnuts and peanuts, furskins, tea, carpets, eggs and handicrafts, and a large increase in the volume is not expected. Nevertheless, 1959 brought a broadening in the variety of Chinese products taken by Canada, especially in the textile field. Imports of bleached cotton and worsted clothing, tablecloths, towels, handkerchiefs, pillowcases, traycloths, etc., although only a small proportion, are growing steadily. Taken together they now form the third largest import from China after walnuts and peanuts and could occupy second or first place by the year's end. Other products making progress in the Canadian market are canvas shoes, glass and glassware, sporting goods, hardware and plywood. Although there is a limit to the volume of traditional Chinese goods that Canada can absorb, consumer goods and possibly consumer durables could become increasingly important.

Looking Ahead

The slight broadening in the variety of recent Canadian exports to China is an encouraging feature of current trade and suggests opportunities for larger sales in the coming year. In particular, primary and semi-processed bulk commodities, especially aluminum, nickel, magnesium, copper, steel, synthetic rubber, plastic raw materials, chemicals and fertilizers, appear to offer the best opportunities. Other hopeful prospects are for scientific equipment of various types, medicinal preparations and drugs and (perhaps in the long run) wheat, timber

pulp and paper, and plant equipment (e.g., fertilizer and pulp and paper plants).

The best method of promoting trade with China remains unchanged from the past year: active correspondence followed by trade promotion trips by Canadian businessmen after the Chinese have indicated their interest in the goods the Canadians are offering. ●

Further details on trading with China are given in the following articles published earlier in "Foreign Trade": "How to Trade with Mainland China", Feb. 1, 1958; "Canton Holds an Export Fair", Jan. 31, 1959; "Mainland China", Feb. 28, 1959; "How to Visit Communist China", Aug. 15, 1959.

South Vietnam, Cambodia, Laos

Last year had its problems and its achievements in these three countries. Canadian sales to South Vietnam should continue to grow, business with Cambodia could be improved, but Laos offers only limited opportunities.

C. M. FORSYTH-SMITH, *Trade Commissioner, Hong Kong.*

SOUTH VIETNAM

THE economic picture in South Vietnam brightened during the first nine months of 1959 and prospects for 1960 appear promising. Although the country still depends on the United States to finance its import program, its development schemes and government expenditures, this dependence appears to be gradually decreasing. Higher export earnings, the development of local industry, and tighter control of imports are changing the picture.

During the first six months of 1959, imports were substantially lower and exports remained about the same as in 1958. The result was that the adverse trade balance was reduced from U.S.$100 million to U.S.$85.6 million. United States commercial aid, although still substantial, was smaller, and this drop accounted for most of the deficit. The main suppliers during the first half of the year were France (27.4 per cent), the United States (23.1 per cent), Japan (17.7 per cent), and Germany (4.5 per cent). Of the U.S.-financed imports, the United States led with 28 per cent, followed by Japan with 22.9 per cent and France with 20.9 per cent.

Rubber and Rice Sales

Sales of the two principal exports, rubber and rice, went well in 1959. Rubber moved briskly in the first half of the year and the entire crop is expected to be sold at slightly higher prices than in 1958. Sales to France (which traditionally takes the bulk of it) dropped considerably, but shipments to the United States rose sharply. The 1959 crop is estimated at about 76,000 tons as against 66,000 tons last year, an increase of about 15 per cent. Rice sales during the first nine months totalled 183,000 metric tons out of an estimated exportable surplus of less than 300,000. Prospects were that the entire exportable surplus would be marketed before the year's end. Agreements already concluded provide for the sale of approximately 80,000 tons during the first three months of 1960. Forecasts for the 1959-60 year are for a slightly larger crop and an exportable surplus of over 300,000 tons.

In mid-August the official import rate on French francs was raised and the rates for sterling and dollars lowered, bringing the three currencies to near parity. This affected the French competitive position in the market adversely and improved the position of dollar and sterling countries. A number of commodities were moved from categories eligible for financing at the official rate to categories eligible for financing at the free market rate. This also affected French exports to South Vietnam more severely than those from other countries.

The country has made strenuous efforts to develop agriculture. The rural resettlement program has provided farming land in the past few years for some 112,000 landless families. Extensive credits have also encouraged agricultural development and the replanting of rubber trees.

Industry Growing

A number of industrial projects under consideration for some time now appear to be well under way and should be producing within the next 12 to 18 months. These include a glass bottle factory, a paper mill, a pharmaceutical factory, a cold storage plant and a cement plant. A textile mill is in operation and handicraft weaving has made good progress, with the result that the value of textile imports fell from U.S.$48 million in 1958 to U.S.$40

78440-5—3½

South Vietnam is stressing the development of industry to cut down purchases abroad and save foreign exchange and also to provide jobs for its people. These Indo-Chinese girls are hard at work in a match factory, one of the new plants put up.

million in 1959. A further reduction to some U.S.$25 million is expected in 1960. Plans are afoot to set up additional textile mills and sugar plants. These should reduce South Vietnam's imports still more and provide employment. The first substantial private investment in industry has been authorized—a U.S. company will invest U.S.$2 million in a 15,000-spindle cotton-weaving mill to be built near Saigon. It will be a partnership between the U.S. company and local Vietnamese and Chinese interests, with the Vietnamese partners holding 55 per cent of the shares and the U.S. company 45 per cent.

The main economic problems are the large budget deficit and mounting inflationary pressures, but they have not dampened the general optimism in government and business circles.

Foreign Aid

Non-military aid for the current fiscal year is estimated at U.S.$175 million, comprising U.S.$140 million in commercial aid, U.S.$30 million for project aid, and U.S.$5 million in technical assistance. This compares with a total of U.S.$181 million in the previous fiscal year. Military aid will be cut to U.S.$130 million in 1959-60 from U.S.$144 million last year. In the future, probably commercial aid will receive less emphasis and project and military aid more. South Vietnam's own export earnings for the year 1960 are expected to reach U.S.$40 to U.S.$50 million; total commercial imports should be valued at about U.S.$200 million. Principal imports are textiles, agricultural products, motor vehicles, petroleum products, metals, pharmaceuticals, machinery, electrical apparatus, chemicals, paper, fertilizers, engines and motors.

Canadian Sales Rise

Canada's direct exports to South Vietnam have risen markedly during the first half of 1959, reaching roughly the total figure for all of 1958—Can.$250,000. Apart from this direct trade, however, sales of Canadian goods through Hong Kong, United States ports, and probably Bangkok have risen sharply. Outstanding examples are aluminum which is shipped to Hong Kong in ingot form, rolled in Hong Kong and then sold to South Vietnam in sheets, circles, etc., and tinplate sold through New York. Increasing quantities of plastic raw materials are going to the growing plastics industry. Canada has donated some 300,000 tons of foodstuffs under the Colombo Plan for the fiscal years 1958-59 and 1959-60, and the local currency earned is to be used for development projects agreed upon. This is the first Canadian aid other than technical and educational assistance.

Prospects for Canadian sales to South Vietnam are improving and with further progress toward industrialization, our exporters can look for a gradually expanding market.

CAMBODIA

DURING the first half of 1959 the Cambodian economy remained stable and no notable trends emerged. Total trade continued at about the same figure as in the first half of 1958: imports, at U.S.$2[illegible] million, were roughly in balance with exports. Industrial development was modest but a few small industries were started, including a plant to package pharmaceutical products, a brewery, a fish cannery, and two soap factories.

Development Plan Announced

Details of Cambodia's first five-year development plan have recently been announced. It covers the period from January 1960 to the end of 1964 and aims to increase the national income by 28 per cent and the people's income by 16 per cent. It envisages greater production by improving tools and techniques, the construction of factories, irrigation systems, roads, etc., and it puts more emphasis on education, public health and social welfare. Fifteen billion riels (80 riels = Can.$1) will be needed to attain these objectives.

six billion will be provided from the national budget, three billion from foreign aid, and the remaining six billion from private sources. During the five years, two billion riels will go to building such public facilities as schools, hospitals and clinics, and 2.5 billion riels for a new seaport, an airport, and rail and road development.

The remainder of the budget for the plan will be invested in productive projects, especially agriculture, since Cambodia's scarcity of mineral resources limits its industrial growth.

The production of rice, rubber and corn will be emphasized because they are Cambodia's main exports. Under the plan, acreage sown to rice, rubber, cotton, sugar-cane, oil-bearing crops, coffee and tobacco is to be increased. It is hoped to expand cotton output to some 5,000 tons, sugar-cane to 50,000 and rubber from 34,000 to 50,000 tons.

An achievement of potential economic importance was the opening of the first direct highway between Phnom Penh and the deep-sea port at Kompong Som, which makes accessible a valuable area of forest land. Exploitation of this is not expected to proceed rapidly, however, and the Mekong River will remain the chief transport route for some time.

A series of legislative reforms regulating the local market were made during the past year. Provincial expenditures were more tightly controlled and a drive against corruption in the administration carried on. The death penalty was introduced for major embezzlements of public funds.

Exports and Imports

Shipments of rice, the principal export, in the first half of 1959 dropped to 125,000 metric tons from 189,000 in the corresponding period of 1958. The value of these shipments fell by 30 per cent—from U.S.$17 million to U.S.$13 million—as a result of lower prices and a smaller proportion of high-quality rice. Rubber shipments, on the other hand, remained about the same but higher prices raised returns by about 30 per cent—from U.S.$6 million to U.S.$8 million. Lumber exports to Hong Kong and livestock sales to Communist China also rose. Cambodia's main markets were France (U.S.$11 million), the United States (U.S.$5.9 million), Hong Kong, and Singapore.

Cambodia bought less abroad in the early part of 1959 because of reductions in exchange allocations under the U.S. commercial aid program and in Cambodian-held foreign exchange reserves. However, during the second half of the year imports picked up and the 1959 total should fall only slightly below 1958's approximately $74 million. Principal suppliers during the first six months of the year were: France (U.S.$11.03 million), Japan (U.S.$3.7 million), Communist China (U.S.$2.3 million), and the United States (U.S.$2.06 million). The United States' share of the market declined slightly, but imports from China increased sixfold. France will continue to be the principal supplier, it is expected, because of traditional consumer preference, good marketing practices, and a common language. Cambodia buys principally textiles, machinery, metals and metal products, foods, paper and paper products, motors, fertilizers and chemicals.

New Customs Tariff

On August 13th, Cambodia adopted a new customs tariff, using the Brussels classification. It provides for three separate rates of duty: preferential rates for certain commodities originating in France or French colonies, minimum rates applicable to merchandise imported from member countries of GATT, and general rates three times the minimum rates, to apply to goods from non-GATT members. The main effect of this will be to increase the cost of imports from such countries as Communist China and other non-GATT countries. The result should be larger purchases from Asian members of GATT.

Canadian Prospects

Canada's trade with Cambodia was still small last year; we made few direct sales. Some shipments of Canadian goods continue to go to Cambodia through Hong Kong, Bangkok and, to some extent, from the United States, but our share of this market is limited. Canadian imports from Cambodia move almost entirely through Hong Kong and consist of cassia, pepper and feathers.

There are prospects for increasing Canadian trade with Cambodia but, as in South Vietnam, more concentrated effort will be needed. The undeveloped potential is not as great as in South Vietnam but considering Cambodia's healthier balance-of-payments position and less stringent import controls, it should be possible to market a wider variety of exports.

LAOS

LAOS continues to depend heavily on foreign assistance. The army, the police and most administrative services are paid for by foreign aid, largely from the United States, and some 98 per cent of imports and 60 per cent of the national budget are financed in the same way. Monetary reforms introduced late in 1958 caused considerable uncertainty and resulted in a general slackness in internal and external trade during the first half of 1959. By mid-year, however, there was a pronounced improvement and business appeared to be picking up. Recent political disturbances have complicated the situation further and it is not possible to forecast their long-term effects.

The five-year development plan announced in July is based on the assumption that foreign aid will continue at least at its present level and anticipates that it will be augmented by private foreign investment. The latter is to be encouraged through

legislation guaranteeing the remittance of profits and capital. Other inducements offered to investors include the establishment of a number of joint enterprises involving private and government investment, particularly in utilities. Over the five-year period 2,500 million kips will be spent—1,000 million on social welfare, 1,000 million on general equipment, public works, etc., and 500 million on agriculture, livestock, forestry, and small-scale industrial development. (The plan was finalized when 35 kips equalled U.S.$1.00 and is based on this rate. The new rate is 80 kips = U.S. $1.00.)

Mineral production in Laos is currently confined to small quantities of tin, but output has been rising slowly and in 1958 reached 611.4 tons of 50 per cent concentrate. Further investment has been made in this industry and the rise in output is expected to continue. Geological surveys carried out in the past few years have uncovered substantial tin reserves and also high quality anthracite coal that could be mined by open-pit methods. A French group is making plans to prospect for oil and expects to begin soon.

Industrially Laos is extremely primitive, but some progress has been made and sawmills, brick works, ice manufacturing, soft drink and cigarette plants have been established. A cement plant will go into production this year.

Agriculture continues to be largely of a subsistence type but rubber plantations destroyed during the disturbances in the early 1950's are gradually recovering. Cultivation of coffee, hemp and pineapple is being encouraged and good results are expected.

Laos normally exports at the rate of about U.S.$1 million per year, although this figure is augmented to some extent by the illicit sale of opium. Principal exports are tin, benzoin, coffee, sticklac and teak.

Commercial imports have been running at the rate of some U.S.$50 million worth of goods a year, financed mainly with U.S. funds. Chief commodities brought in are semi-processed and consumer goods, yarns, textiles, construction materials, electrical goods and sawmill equipment. Principal suppliers over the past three years have been France, Hong Kong, Japan, Thailand and the United States. The only important trade development during 1959 was the introduction of a new customs tariff that became effective last March. Rates were generally reduced but importers' costs wen[t] up because of the calculation o[f] taxes on the c.i.f. value in kips a[t] the new rate.

Canada's share of this market i[s] small, although some aircraft hav[e] been sold and there may be prospects for future sales. Small quantities of other Canadian goods probably reach Laos through thir[d] countries. This market, however does not offer any great potential i[n] the foreseeable future. ●

Federation of Malaya

Rising rubber production, plus high prices, and improving prospects for tin have brought prosperity. Removal of restrictions on dollar imports and well planned industrial development program should mean bigger sales for Canadian exporters.

M. P. CARSON, *Trade Commissioner, Singapore.*

THE federal elections, the first since Independence, held in Malaya in August 1959 returned the Alliance Government headed by the Tengku Abdul Rahman. The tasks that lie ahead of his government include development of housing and educational facilities, community development in rural areas, and the prime objective of increasing the national income. To achieve the latter, more land will be allocated to growing rubber and other crops. The Government's policy will also stress the development of secondary industries.

Rubber Production, Prices

Malaya can rightly feel proud of the economic progress it has made in recent years. Production of rubber, the major export earner, is steadily expanding and the rubber replanting schemes are beginning to show results. For the first time in 25 years, Malaya is surpassing Indonesia in this field and has become the world's number one produce[r] and exporter.

There was some uncertainty a[t] midyear over the announced distribution to industrial users from th[e] British and U.S. rubber stockpiles. However, rubber prices have bee[n] more than steady and have mean[t] near-record returns. The beneficia[l] combination of increased production and high prices has provide[d] an unexpected prosperity. Rubbe[r] workers, who benefit from increase[d] prices, have greater purchasin[g] power and this is reflected in increased retail sales.

In the first ten months of 1959 total exports of rubber of all grade[s] reached 997,000 long tons, u[p] 112,000 long tons from the corresponding period in 1958. Octobe[r] rubber shipments, at 110,000 tons constituted an all-time record for th[e] industry. Even during the Korea[n] War, the figures never attained thi[s] peak. The Malayan dollar reache[d] its highest point as it strengthene[d]

This impressive building, known as Federal House, contains a number of Federal Government offices in Kuala Lumpur, capital of the Federation of Malaya. The Federation held its first federal elections since independence in August 1959 and the Alliance Government, returned to power, is energetically undertaking a number of development projects.

against sterling, to which it is pegged, and the Federation's revenue will benefit by millions of dollars because rubber prices are well above the budget estimates. The outlook is good and the atmosphere one of optimism.

In the first ten months of 1959 the U.S.S.R. was the largest purchaser of Malayan rubber. Ocean shipments to Russia totalled 152,000 long tons compared with 40,000 in the similar period of 1958. The United States boosted its purchases by 50,000 tons to 148,000 in ten months of 1959, but British buying fell off by 30,000 tons to 135,000. Canadian imports of Malayan rubber increased to 28,000 tons (or by 7,000 tons) in the ten-month period.

Tin Outlook Improved

The price of tin has remained steady and the prospects have brightened compared with a year ago. Despite market fluctuations caused by the steel strike in the United States, tin production did not fall off. In the first six months of 1959, 20,500 tons were exported. The International Tin Agreement quotas for third quarter 1959 were raised from 23,000 to 25,000 tons and the Federation's share of this was 37.75 per cent. Additional increases announced early in September were expected to see the tin industry return to a near-normal operating position. With greater manufacturing activity in North America, 1960 looks encouraging.

Foreign Trade Increases

Thanks again to large rubber exports and high prices, Malaya's total trade expanded in 1959. Pan-Malayan exports for the ten-month period January to October 1959 rose Can.$129 million from 1958. Imports decreased about Can.$31 million in the same period, giving a favourable balance of trade.

It is interesting to note that Singapore's share of total Pan-Malayan exports reached Can.$657 million, compared with Can.$395 million for the Federation of Malaya. Because of Singapore's good entrepôt trading services, the import balance is even more in its favour. The figure for Federation imports for ten months was Can. $241 million compared with Singapore's Can.$766 million. But in 1959 Singapore's exports increased by only Can.$33 million whereas those of the Federation of Malaya rose by Can.$95 million.

How Did Canada Fare?

Canadian imports from the Federation, including Singapore, consist mainly of rubber, tin, vegetable oils and canned pineapple. In ten months of 1959 our purchases from Malaya, at Can.$21.1 million, were up almost 50 per cent from 1959 and we were Malaya's ninth best customer. Pan-Malayan imports from Canada fell about Can.$300 thousand to Can.$3.3 million. The breakdown of exports to Pan-Malaya indicates a steady Can. $700,000 of direct exports to Malayan ports in the ten months of both 1958 and 1959. Singapore statistics show a fall-off of Can. $300,000 in 1959 from Can.$2.9 million in the first ten months of 1958.

The United States sold Malaya Can.$37.4 million worth of goods compared with our Can.$3.3 million. This may mean that Canadian exporters are not looking closely enough at the possibilities of the Malayan market. Canadian exports to Malaya are only about 25 per cent as large as Canadian purchases from that country; the comparable figure for the U.S. is 44 per cent.

On July 1, 1959, all restrictions on imports from dollar countries were lifted, opening the market to a wide range of commodities formerly brought in under the rather cumbersome system of importing via Hong Kong, at added cost. The consequent decrease in the prices of

these products has made many of them more competitive with European, Japanese and Australian offerings. But Malaya is still a buyer's market and there is relatively little accumulated demand for dollar goods. Selling here has become a straightforward matter of offering goods acceptable to the market at competitive prices.

Industrial Development

The Federation of Malaya is seeking to improve national income by attracting and establishing secondary industry. "Pioneer industry" legislation set up last year makes development prospects more alluring to domestic and foreign manufacturers. Several projects have already been given pioneer status and a sensible, slow industrialization program is under way. Next year will see the opening of a Malayan Industrial Development Finance Company with an initial capital of Can.$5 million. Industrial development in the private sector will stand to benefit from this institution if the plans that private investors put forward are considered in the national interest.

A recent report from Kuala Lumpur indicated that between Can.$40-$50 million has been invested in pioneer industry, providing employment for over 1,000 people in some 21 new factories. These factories include four paint and three pharmaceutical producers, and plants making batteries, cable and wire, metal containers, sulphuric acid, cement, matches, electric meters, insulation materials, plastics, medical dressings and toiletries.

Under consideration are a number of projects—a tire plant, a sugar refinery, a wheat flour mill, a fertilizer plant, and many others. The developments are centered principally in the industrial satellite town of Petaling Jaya near the capital, Kuala Lumpur, and close to the port facilities at Port Swettenham, which will have a new 500-foot wharf in 1960. A Can. $10 million project to develop the North Klang Straits will provide additional facilities for improving shipping services to the industrial area. Johore Bahru in the State of Johore near Singapore is the second most promising region for industrial development.

Canadian Opportunities

This well-thought-out, sensible approach to industrial development augurs well for Canadian exporters in a position to supply plant and equipment, engineering services, and raw and semi-manufactured materials. There will be growing markets for lead for battery manufacturing, sulphur for sulphuric acid production, refractories for cement kilns and the sugar refinery, aluminum and wire stock, plastics and numerous other commodities. •

Singapore

Liberalization of trade last fall should help Canadian sales, but low prices essential. Certain consumer goods, engineering equipment, heavy industrial materials should sell well.

B. C. STEERS, *Assistant Trade Commissioner, Singapore.*

SINGAPORE, less than one-third the size of Manitoulin Island on the north shore of Lake Huron, lies only one degree north of the equator, almost exactly halfway round the world from Sault Ste. Marie. Small though it is (only 27 miles long and 14 miles wide), it has a population slightly larger than that of British Columbia.

Singapore has no minerals and little farm land. It has not nearly as much industry as an average Western Ontario city. Despite these handicaps, its people enjoy a living standard unequalled in South East Asia. The principal sources of its income—trade and shipping—have not changed since the city was founded by Sir Stamford Raffles in 1819.

The latest available figures give Singapore's total foreign trade for the period January to October 1959 as approximately Can.$1,592 million, up slightly over the same period in 1958. In the early months, business lagged behind last year but by July trade had improved and exceeded in volume that of July 1958. Preliminary figures for October indicate the highest monthly total since April 1951. Businessmen seem confident that when final 1959 trade statistics are published, they will confirm that the year has been a prosperous but not a record one.

As for shipping, the Port of Singapore handled during the period January to July 1959 the arrival of 5,850 vessels engaged in foreign trade and the registered tonnage of arrivals reached 18,349,000 tons.

Association with Federation

In any analysis of Singapore's foreign trade, the outstanding feature is its close commercial ties with its northern neighbour, the Federation of Malaya. In 1958 Singapore accounted for more than 70 per cent of Malaya's total external trade. This figure did not decrease much in 1959. Singapore's trading fortunes rise and fall with fluctuations in the supply of and demand for Malaya's principal exports—rubber and tin.

Malayan rubber production for the first ten months of 1959 ex-

ceeded that of the similar period in 1958. Exports have been high, particularly in the later months of the year. In October a record 110,000 tons of rubber were exported. The price, though it fluctuated occasionally, rose steadily throughout the year and by November reached the highest point since early October 1955.

Tin shipments during the first ten months of this year were running nearly 8 per cent above those for the corresponding period in 1958 and for the whole of Malaya totalled 36,663 tons. London tin prices have shown little reaction to the higher tin offerings, with the cash price holding within the range of £790-£793 a ton.

Effective August 1, 1959, in parallel action the Governments of Singapore and the Federation of Malaya relaxed restrictions against the direct import of goods from the dollar area (see *Foreign Trade* of August 15, 1959). On that date, for the first time since the end of the war in 1945, the dollar countries were placed on an equal footing with the sterling area and Western Europe.

It is too early yet to estimate the effect of this liberalization upon Canadian exports. Several new Canadian products, however, are now coming in and agents in Singapore are hopeful of substantial sales. Canadian canned bacon and ham are on sale in Singapore retail stores for the first time since 1939. Canadian patent medicines are coming back; a new line of Canadian dress shirts is on the shelves in local shops. A range of Canadian household time-savers is expected soon. Ballpoint pens marked "Made in Canada", recently imported for the first time, are now being re-exported by local merchants to nearby markets. Canadian power lawn-mowers have proved popular and sales are rising swiftly.

Canadian Exports Reviewed

Characteristic of Canadian trade with both Singapore and the Federation of Malaya are first, a large surplus in favour of this area and second, a broad range of exports. By contrast, Canadian purchases from Singapore consist mainly of rubber and tin, with some canned pineapple. Latest statistics show Canadian exports to this area for the first nine months of 1959 at Can.$2,560 thousand, some Can. $300,000 below the total for the similar period of 1958, the result of keen competition. Local preference for smaller and cheaper European and Australian cars has decreased sales of both motor vehicles and spare parts sharply in the last few years and South Africa has replaced Canada as Singapore's asbestos supplier. New Canadian goods appearing on the market have not compensated for the lost sales of transport equipment and asbestos. Promotion efforts by Canadians visiting here have been successful and Canadian asbestos is again being ordered for 1960 shipment.

Can You Sell Here?

If you make a consumer product suitable for sale in the summer at home or if the time of the year means little in the use of your product, you can probably sell it in Singapore. The shoe industry here is thriving and, with the single exception of natural rubber, buys all of its raw materials abroad. About 100 thousand cars and trucks operate on this island and accessories and parts always sell well. Nearly all of Singapore's food is imported, with substantial quantities bought from North America, chiefly the United States.

Whatever you make, it is simple to find out whether you can sell it here. Write the Canadian Trade Commissioner in Singapore and ask him about the prospects. First, though, make your prices as low as possible if you want to compete, especially with the Japanese, the Germans and the British.

Although the above applies to consumer goods, Singapore's need for engineering equipment and heavy industrial materials must not be overlooked. Importers here regularly purchase substantial quantities of these, both for local and export markets. Outside the Federation of Malaya, Indonesia is Singapore's leading customer and much of what Indonesia buys here represents re-export trade. The Singapore importer, when he buys, does so thinking not only of Pan-Malayan prospects but of prospects throughout South East Asia. Singapore, in fact, is like a giant department store and its clientele is large.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

Sarawak, North Borneo, Brunei

For these three territories, 1959 was a good year; brought the opening of these markets to dollar goods.

M. P. CARSON, *Trade Commissioner, Singapore.*

SARAWAK

ECONOMIC conditions in this British colony of 650,000 people improved during the past year. Natural rubber sold at high prices and the demand for it remained steady. Bauxite continued to earn foreign exchange: in the first ten months of 1959, 189,000 tons were shipped compared with 100,000 in 1958, and the export goal of 200,000 tons appeared to be within reach. Principal markets were Japan and Taiwan.

Pepper Industry

White pepper prices rose during the year to augment the large returns from rubber. In the first nine months of 1959, 3,600 tons of white pepper were shipped to Singapore, compared with 2,343 tons in the same period of 1958. Pepper producers are growing more and more white pepper because it commands higher prices. On the other hand, shipments of black pepper to Singapore dropped considerably; for nine months of 1959 they stood at only 1,112 tons, compared with 3,172 in the same period of 1958.

The pepper industry in 1959 reflected the difficulties it has experienced since its heyday in 1956, when over 20,000 tons were exported. Last year total earnings dropped by Can.$250,000. Research continues into the serious pepper disease that has inflicted extensive damage on this valuable crop.

Sarawak ended the first nine months of 1959 with a favourable trade balance of Can.$21.8 million, compared with Can.$5.8 million in the corresponding period of 1958. Exports increased by Can.$22 million to Can.$134 million. Imports also rose by Can.$5.7 million to Can.$112.2 million.

Australia, which has developed direct shipping service to British Borneo ports, bought increasing quantities of rubber and other products from Sarawak and recorded in September 1959 the largest increase of all Sarawak's trading partners, with purchases totalling Can. $1.1 million. Singapore's trade with the colony also rose sharply. Japan too improved its direct shipping connections.

Revenue from export, import and excise duties increased by Can.$3 million in the first ten months of 1959 to reach Can.$10.4 million.

Development Plans

The improved economic position of the colony in 1959 helped the Development Plan for 1959-1963, which is estimated to cost Can.$38.3 million. The plan is designed to improve and expand social services, to diversify the basic agricultural economy, to increase the planting of high-yielding rubber, and to improve the inadequate communications.

In addition, timber extraction will be encouraged, and the Government will provide a pilot plant to manufacture good-quality sago flour and one to clean and process pepper. Oil palm cultivation will receive priority and a target of 10,000 acres planted to coconuts has been set.

NORTH BORNEO

BOOM conditions were evident in this small British colony (population 420,000) during 1959. Direct shipping services from Japan, Australia and Hong Kong have been developing at an encouraging rate, principally to carry the colony's timber and sawn timber to these markets which are taking greater quantities than ever.

By the end of July 1959, North Borneo had shipped almost 20 million cubic feet of logs (hoppus measure) and 1.2 million cubic feet of sawn timber, compared with only 25.3 million cubic feet of logs and 0.9 million cubic feet of sawn lumber in the entire year 1958. Japan took 65 per cent of the total logs exported in the first seven months.

Traditionally, rubber has been the major earner of foreign exchange but in 1958 timber moved up, with exports worth Can.$12.1 million compared with Can.$10.9 million for rubber. Figures for the first six months of 1959 indicate that this trend is continuing: timber sales were valued at Can.$7.7 million, rubber at Can.$6.7 million. Copra, tobacco, hemp and cutch are the other major exports.

The rich volcanic soils in the southeast, around Tawau, continue to show great promise for cocoa growing. Some experts say that conditions in North Borneo are superior to those in the world's best known cocoa-producing countries. To encourage output, all cocoa exports have been exempted from duty up to January 1, 1967. Several hundred acres have been planted

thanks partly to funds from the Colonial Development Corporation. Trial plantings by the Government have been successful and research is being carried out on a plant disease that may affect cocoa.

Of some Can.$22 million spent on development in the public sector in the years 1957-1959, the colony contributed about Can.$8 million. The remainder was provided by grants from the United Kingdom Treasury and by loans raised on the London market. Development in the private sector is encouraged by a pioneer industries ordinance and by exempting from duty exports of cocoa, palm oil, palm kernels and hemp during the early years of their establishment.

The Government's pioneer industries legislation has received an encouraging response; the number of individuals and firms submitting applications for agricultural and small industrial projects has shown a marked increase.

The Government is preparing a development plan for the five-year period 1959-1964, with expenditures totalling an estimated Can.$20 million.

BRUNEI

BRUNEI promulgated a new constitution on September 29, 1959. Formerly the British Governor of the Colony of Sarawak was also High Commissioner for the Sultanate of Brunei and a British Resident advised the Sultan. The new post of British High Commissioner has been established. The Sultan intends to introduce a system of elections in due course.

Brunei continues to be the second largest producer of petroleum in the Commonwealth (Canada is first). It depends almost 100 per cent on petroleum exports for the well-being of its small population of 60,000 people. Minor quantities of rubber are also exported.

As an indication of the prosperity of this Sultanate, Can.$27 million of petroleum products were exported in the first quarter of 1959. Imports were valued at Can.$6 million. Earnings are wisely invested to carry on the imposing welfare and social services.

The oil company is the major importer of heavy equipment but a recent building boom has improved business conditions for a number of importing firms.

Canadian Opportunities

THE relaxation of dollar trade undertaken this past year by all Commonwealth countries has been implemented by the Borneo countries as well. These markets are open to dollar goods but the demand is necessarily small. The average level of income is low, but developments in the timber industry in North Borneo should offer prospects to Canadian firms exporting related equipment. In the first six months of 1959, Canadian exports to North Borneo totalled only Can.$63,000 and consisted principally of machinery and transport equipment, some manufactured goods, and food products (principally wheat flour). For the same period, North Borneo statistics show Can.$109,000 worth of exports to Canada, principally rubber. Sarawak imported about Can.$305,000 worth from Canada, principally outboard motors.

Canadian exporters who wish to enter these small markets are advised to ask their agents in Singapore to cover them. Although there are a number of local importers interested in establishing direct agencies, the market is too small to benefit from minimum shipments. Most large trading-houses in Singapore either have branches in the Borneo territories or correspondents who are able to do a reasonably good job. ●

Thailand

Industrial development projects, given a boost by new incentives to foreign investment, offer expanding opportunities to suppliers of industrial raw materials. Canadian exporters of these goods and of engineering knowhow should watch this market.

B. C. STEERS, *Assistant Trade Commissioner, Singapore.*

LAST year was a good one for Thai exporters of rice, rubber, tin and corn. The harvest of rice, which earns most of Thailand's foreign exchange, is expected to reach almost five million tons, about 500,000 tons more than the average over the last ten years. Rice sales to Malaya and Japan were good in 1959, and Indonesia contracted to buy 100,000 tons during November and December. Exports of rice for the January-October period totalled 861,000 tons, some 134,000 tons down from the same period of 1958, though the figures do not yet show the effects of the big crop towards the end of 1959.

Sales abroad of rubber and tin improved last year. Shipments of tin in the first six months totalled 4,900 tons and of rubber 147,000. Rubber prices continued to climb throughout the year.

The export demand for Thai corn outstripped supply in 1959. At the time of writing, production totalled 210,000 tons; the Japanese had ordered 170,000 tons and another 30,000-ton offer to buy was on hand.

Thailand has been concentrating upon improvement of its railways, with the aid of World Bank loans. Included in the program are the renewal of rails, purchase of locomotives, coaches and boxcars, and the establishment of an up-to-date telecommunications system. The picture shows a newly built signal tower near Bangkok.

In spite of the bright export picture, however, Thailand has not been able to pare down its unfavourable trade balance. Thai importers bought heavily in 1959 and the Government threatened to impose restrictions if they did not cut down their purchases. The first seven months of 1959 showed a growing imbalance between exports at Can. $134 million, down Can.$18.9 million from the same period of 1958, and imports at Can.$233.9 million, about the same as in 1958.

Customs Tariff Changes

In June 1959, the Government raised the customs tariff by 10 per cent; the new rate applies to all imports except gold. Because this increase affected essential as well as luxury goods, it was understood that the tariff would be modified during a revision in accordance with Brussels nomenclature. The revision was expected to become law on January 1, 1960.

The new tariff classifies some 2,000 items compared with the previous schedule of 200. Tariffs on more essential goods will be unchanged or lowered, but those on luxury goods will be increased. The over-all effect will be to augment customs revenue.

Canadian Sales Rise

Thailand has always been a small market for Canadian exporters, first because total imports are not large and second, because the country is underdeveloped industrially and needs few semi-manufactured goods and raw materials. In addition, freight rates from Canada in recent years have put Canadian exporters at a disadvantage vis-à-vis Japan and Western Europe.

Canadian exports to Thailand in the first ten months of 1959, at Can.$1.7 million, rose by about 90 per cent over sales in the same period in 1958. Shipments of Western Canadian wheat flour, valued at Can.$528,000 during the first ten months, climbed from Can.$418,000 during the same period of the previous year. However, sales were still slightly below those of the "fat" years of 1956 and 1957, when they totalled well over Can. $500,000.

Canadian exports to Thailand of cars, trucks and parts jumped to Can.$195,000, after the low of Can. $82,000 during the period January to October 1958. Our sales of files and rasps held firm at Can.$115,000. Aluminum conductors and cables sold well last year, thanks to power development projects in Thailand and competitive Canadian prices. January to October sales of aluminum in 1959 totalled just over Can.$250,000. Heavy Canadian electrical equipment (dynamos and generators) entered the market during this period to a value of some Can.$299,000.

Other Canadian products in moderate demand in Thailand are pharmaceuticals, chemicals, fertilizers, plastics and rolled oats. Tires for trucks, buses and cars have been sold here for many years. New products include ballpoint pens, scrap metal, welding rods, some textile products, and power lawn-mowers.

Industry Gets a Boost

Thailand, like its neighbours in South East Asia, is concentrating on industrialization. In November an Industrial Finance Corporation was formed to assist in the establishment, expansion or modernization of private enterprises, and to encourage the participation of domestic and foreign capital. The corporation is capitalized at Can.$1 million; the International Co-operation Administration will lend Can. $750,000 and the remainder will be obtained by issuing Can.$50 shares. The corporation will underwrite share issues, furnish or obtain

technical advice, and obtain and guarantee loans at interest rates lower than those offered by commercial banks.

In April the Government established a Board of Investments to seek ways and means of encouraging domestic and foreign investment, to receive and study proposals for investment, and to negotiate terms. By November, the 28 top-ranking civil servants on the board had been able to give the go-ahead to 16 new industrial enterprises; concessions on import duty and on taxes have been granted. The projects include a plant to turn out 480 tons of aluminum products a year, another to make 150,000 pairs of canvas shoes per year, a third to produce 36,000 tons of galvanized iron sheets, a fourth to make two million 20-litre drums and one hundred and fifty thousand 200-litre metal drums, and a fifth to produce 5,000 tons of zinc and tin-plated iron. Others will manufacture food flavouring powder, sugar, tapioca flour and textiles.

Canadians Can Sell More

Each new factory opened in Thailand adds to the need for industrial raw materials, many of which Canada can supply. In many instances Canadian producers are fully competitive, despite the high freight rates between Canadian ports and far-off Bangkok. Canadian aluminum, zinc, copper, plastics (polystyrene, polyethylene and vinyls), industrial chemicals, electrodes, nuts and bolts and scrap metal should find a growing market in Thailand during the next few years.

Engineering opportunities are beginning to open up in which Canadian skill and knowhow may well play a significant part. During the past year, several senior Canadian engineers visited Bangkok to look into prospects.

Finance in a country short of capital like Thailand looms large in the thinking of executives examining possibilities for new industries. Proposals that offer medium or long-term credits are usually the most acceptable. The Thais particularly like turnkey proposals that combine full plant and equipment with medium or long-term credits. Canadians, if they are to win the business they should in Thailand, must review these factors carefully. •

Burma

With improved foreign exchange reserves and increased foreign loans, the Burmese look forward to a better year. Canadian goods, on an equal footing with those from other countries; must still be imported under licence; outlook for bigger sales is bright.

M. P. CARSON, *Trade Commissioner, Singapore.*

THE caretaker government that has been in office in Burma since October 1958 continues to introduce economic policies favourable to the development of new industries and to the expansion of agriculture. Recent informal discussions on economic affairs—attended by senior government officials and leaders of Burma's business community—indicated that the Government would probably emphasize agricultural production (principally rice, timber and rubber), mineral production, and the building-up of industries for processing rice, timber and the byproducts of agriculture, such as rice straw and rice bran oil.

Agricultural Prospects

In the first ten months of 1959, Burma exported 1.6 million tons of rice and rice products. Although these shipments dropped below the estimate, they were considered satisfactory after the pessimistic forecasts in the early part of the year. The rice surplus for export in 1960 is provisionally estimated at 1.8 million tons and by October of 1959 over one million tons had been contracted for, chiefly by Indonesia, India and Ceylon on a country-to-country basis. Other sales are being negotiated and the outlook is bright.

The Government's policy of improving and increasing output from farms and forests has resulted in greater production of peanuts, jute and teak. In the high rainfall area of the delta where rice is grown, double cropping has been successfully introduced. The land is planted to jute in February or March and the crop harvested in July. The fields are then ready for rice cultivation.

Both in Britain and on the Continent, interest in Burmese jute is increasing. It is said to be a high-quality product and the Burmese intend to grow more of it as quickly as possible. In the teak industry, there has been an interesting new development: for the first time, green teak logs have been shipped to export markets. Over-all timber production is rising, with 73,000 tons exported in the first nine months of 1959. An additional 50,000 acres were planted to peanuts last year and a good harvest is expected.

Aid to Industry

The Burmese Parliament passed an investment act in September 1959 to attract foreign investment and to provide exemption from income tax and import duty for new enterprises. The Government will also consider guarantees against nationalization for ten years and, if necessary, for twenty. A recent conference of senior departmental

officials on national economic planning decided that first priority should be given to the restoration of law and order. Transportation and agriculture were also considered of major importance in economic development.

Discussions are under way to set up a joint enterprise to build a paper mill that will use bamboo and rice straw as raw materials. Capital will come from the Joint Venture Trading Corporations and from a few national investors, plus foreign investment of perhaps 40 per cent. A fertilizer plant is also being contemplated; a U.S. firm has been given oil-exploration rights; improved facilities for rice storage and handling are under way; mills for the extraction and refining of rice bran oil are planned, and two mills for sawing teak are under study.

Foreign Trade

Burma's foreign exchange reserves improved during 1959. At the end of December 1958, they stood at about $137 million, but by the end of August 1959 had risen to about $167 million. The external financial position is more healthy than it has been for some years. The outlook appears bright because of two major factors. The first is that sales of the 1960 rice crop have been made well in advance and in satisfactory quantities, and the second is that Burma has secured foreign loans and grants that will help to balance the budget.

In the first seven months of 1959 Burma imported goods valued at some $114.6 million, and exported products worth $119.7 million. It is probable that imports increased in the following three months (August to October) partly because more import licences were issued and partly because Burma made heavy purchases of cotton textiles and yarns manufactured in various countries from raw cotton supplied by the U.S. Government under P.L. 480 arrangements.

Importing under Licence

Import licences are issued from time to time by the Directorate of Imports to registered importers who may then place orders for goods from any country they choose. Shipping periods for all import licences issued are now six months and, in some cases, longer.

In September 1959, substantial import licences were issued for textiles, foodstuffs, household goods, newsprint and toilet requisites. Imports of the first three of these for the last two years have been almost entirely in the hands of the Joint Venture Corporations and government organizations such as the Civil Supplies Management Board. Recently, licences have been issued to private traders as well. During October 1959, import licences were given for foodstuffs, paper and stationery, automobile and truck spare parts and accessories, chemicals, dyes, sports requisites, photographic goods, hardware and building materials, and tires. Some of these licences were given only to private traders and others were shared with private traders, the Joint Venture Corporations and the co-operatives.

Number of Importers Cut

In recent years Burma has had an increasing number of importers —so many, in fact, that the Government has undertaken to "de-register" a number of them. Deregistration simply excludes a firm from consideration when import licences are issued. By July 1959, some 1,500 firms out of a total of 3,200 had been de-registered as importers, though those holding valid import licences were allowed to use them. However, some small, de-registered firms continue to import on an indent basis, following successful contacts with firms that have been granted licences. In October 1959 the Ministry of Trade Development announced that the policy of de-registration would continue.

Burmese importers have expressed increasing interest in Canadian goods. Dollar imports have long been denied to the Burmese consumer and, though there may be a slight pent-up demand, impo licences will continue to be issue only as need and the availability o foreign exchange direct.

Canadian Sales Rise

The shipment of some 268,00 bushels of Canadian wheat to Burm in recent months under the Colomb Plan boosted Canadian exports t Burma to almost $800,000 in th first nine months of 1959. The tota for the whole of 1958 reache $957,000, only one-third of whicl was accounted for by the sale o three aircraft to the Burmese Gov ernment. Exports of automotiv parts, valued at $273,000 in 1958 were almost negligible in 1959. Thi shows the gradual wearing out o the Canadian-made army truck supplied to Burma during the wa and later converted into buses and transports.

In 1959 the following Canadian products were either introduced for the first time in recent years or sold in greater quantities: bond and writing paper, farm tractors and parts, outboard motors, mining machinery and parts, plastics, and medicinal preparations. Purchases of aircraft spare parts from Canada also rose in 1959.

Trade Outlook Improves

Burma has not been an exciting market for Canadian exporters in recent years. Prospects now, however, are more favourable, though large sales should not be expected. There is no discrimination against imports from the dollar area. However, Japanese reparation goods and those from clearing-account countries receive special licensing treatment.

Canadian engineering firms interested in this part of the world will find certain prospects worth pursuing. Financing is often the stumbling-block but if suitable terms can be arranged, business can be done. Competition in the industrial plant and equipment field is keen, particularly from Soviet, British, and Continental firms. ●

Indonesia

This young republic continues to face serious economic problems, aggravated by a shortage of foreign exchange, inflation, and large military outlays. Canadian sales consist chiefly of industrial raw materials, capital equipment and spare parts.

M. B. BLACKWOOD, *Commercial Secretary, Djakarta.*

BUSINESS conditions in Indonesia in 1959 improved only slightly over the previous year and the country continued to face severe economic problems. Because of military campaigns against the rebels in Sumatra and northern Celebes, the outlay on security remained high. At least one-third of foreign exchange earnings had to be used to buy abroad material for the armed forces, and a similar portion of total budget expenditures was set aside for the same purpose. Foreign exchange for normal imports therefore was scarce and Indonesians were forced to go short of many goods.

Continued inflation and dislocation in the distribution system became major problems during 1959. Vessels to serve the many outports of the archipelago remained insufficient in both numbers and types, and road and rail transport suffered from the need for new equipment and spare parts.

Trade for the first nine months of 1958 showed a favourable balance, partly because of tight restrictions on imports and also because of the high prices on world markets for rubber, Indonesia's chief earner of foreign exchange. However, the production of rubber and of most other important agricultural products declined in 1959 from the 1958 total.

Monetary Reform

By late August, inflation had reached an advanced stage and a monetary reform program was proclaimed. To reduce the amount of money in circulation, high-denomination banknotes were cut in value by 90 per cent and all bank balances over Rps.25,000 (about Can.$800) were frozen. The B.E. system that formerly applied to imports and exports was abolished and a new rate of exchange established for the rupiah at 45 to the United States dollar. Surcharges on imports were replaced by import levies, which range from zero to 200 per cent, depending on the essentiality of the goods. Exports were made subject to a levy of 20 per cent.

This reform reduced the amount of money in circulation by about one-third. All business enterprises were short of operating capital and for a few weeks after the reform was introduced, both import and export trade was stifled until government credits could be obtained. Large amounts of currency had to be put back into circulation. Within a short time it is expected that the volume of money will reach the pre-reform level. An expected budget deficit of Rps.2 billion in 1960 will contribute to the continuance of inflation.

Foreign Aid

Foreign aid still plays a significant part, both in bolstering the economy and in instigating development projects. Long-term loans of from five to ten years with low interest rates are preferred. Among the countries that have made loans and credits available to Indonesia are the United States, the Soviet Union, Communist China, Japan, Poland, Czechoslovakia, Yugoslavia, Italy and France.

The "Big Eight"

In the latter months of 1959, almost all of the former Netherlands firms and enterprises were nationalized, or at least put under some form of government control. The former "Big Five" Dutch trading-houses were given Indonesian names and, with three other government enterprises, became known as the "Big Eight" state-trading firms. They hold the outright monopoly on the import of 13 essential products: rice, wheat flour, raw cotton, cambrics, weaving yarns, textiles, paper, cement, fertilizers, tinplate, iron and wire for use in reinforced concrete, gunny bags and jute, and cloves.

As the year drew to a close, the Big Eight were becoming more prominent in almost all aspects of trade. Many of the smaller national firms will probably not be active in import and export trade in future but will function as wholesalers and distributors for government firms. However, a number of the larger national firms will probably still play an important rôle in foreign trade.

Import Controls Tight

Licences must be obtained for all imports, which are divided into three categories: essential, semi-essential and non-essential. Because most consumer goods fall into the latter group, they have virtually ceased to enter the country. Foreign exchange for imports is allocated quarterly. All import licence applications are closely examined from the standpoint of price, minimum quality and delivery time. The offer from abroad which best meets these requirements is accepted, and unless other foreign suppliers can make counter offers, licences are not granted for their goods.

Canada's chief exports to Indonesia during the first ten months of 1959 included ammonium sulphate

CANADA'S TRADE WITH INDONESIA

	Exports to Indonesia	Imports from Indonesia
1957	$1,633,330	$964,807
1958	1,694,703	230,628
1959 (10 mos.)	941,858	(7 mos.) 90,461
1958 (10 mos.)	1,370,479	(7 mos.) 153,698

Source: DBS.

($241,095), files and rasps ($129,-819), freight and passenger automobiles ($106,328), steel sheets and strips ($90,152), marine engines and parts ($84,619), asbestos fibre ($74,865), drugs and chemicals ($56,079) and automobile parts ($43,366). All of these are classed as essential goods. Canada's imports from Indonesia consisted largely of crude rubber, tea, spices and gums.

Until there is a major improvement in economic conditions in Indonesia, our exports will be con fined mainly to industrial raw mate rials, capital equipment and spar parts. Although Canadian exporter cannot expect a large volume c trade, there are worthwhile oppor tunities in restricted lines. ●

The Philippines

The Filipinos, an agricultural people, are working towards greater industrialization; new industries provide opportunities for Canadian suppliers of raw materials such as chemicals, metals and minerals.

R. H. GAYNER, *Vice Consul and Assistant Trade Commissioner, Manila.*

THE Philippine economy is predominantly agricultural; most of the 23 million Filipinos are employed in growing rice, corn, coconuts, sugar, tobacco, hemp, and cassava, or in the fisheries. In spite of the fact that they produce much of their own food, the islands have always had to import rice, fish and other foodstuffs. In 1958, however, there was a rice surplus for the first time since 1910, thanks to ideal weather conditions and to government efforts to improve agricultural methods and increase the use of fertilizers. Forecasts are for an even bigger rice crop this season. So far, 2,400 metric tons of rice have been exported and a further 36,000 tons will be shipped abroad if domestic shortages do not recur.

Apart from its drive to improve agriculture, the Philippines, like other underdeveloped countries, is also making a determined effort to build up industry and diversify its economy. Unemployment is a serious problem but what skilled or trained labour there is, is well organized and this contributes to labour costs.

The cost of living is high compared with other Asian countries and there is an inflationary pressure on prices because of shortages resulting from import control. Deficit financing increases the trend towards inflation.

How Trade Moves

Because of a shortage of foreign exchange and a heavy demand for imported luxury and consumer goods, the Government controls imports closely. As a result of these stringent controls, imports for the first half of 1959, at U.S.$234.3 million, were U.S.$49.1 million lower than for the same period in 1958, according to figures published by the Central Bank of the Philippines.

Exports during the first half of 1959, at U.S.$269.5 million, were U.S.$39.2 million higher than in the same period of 1958. The increases were mainly in logs and lumber, chromite ore, copper ore, abaca (manila hemp), and canned pineapple. Copra, one of the principal exports, yielded $56.9 million, about the same as in the first half of 1958, but sugar, at $68.3 million, dropped by $4 million.

Philippine exports to Canada in the first half of 1959 suffered from the shutdown in 1958 of a copra processing plant in Vancouver tha had been importing Philippin copra. In addition, there were no chrome ore shipments to Canada, a least up until the end of August las year. Philippine-Canadian trade ha been strongly in Canada's favour in a ratio of 4.5 to 1 in 1957 and 6.6 to 1 in 1958.

PHILIPPINE EXPORTS TO CANADA

	1957	1958	6 mos 1959
	('000 Can. dollars)		
Copra	2,219	753	
Manila fibre	529	330	159
Chrome ore	493	629	
Canned pineapple	348	40	206
Mahogany	181	182	115
Others	205	253	150
	3,925	2,187	630

Government Finances

The improvement in the over-al trade balance has increased public demand to relax controls on import but responsible government leader are being cautious. The improved trade balance has made it possibl for the Central Bank to discharg some of its international debts to the International Monetary Fund and to repay short-term loans provided by United States banks last year. Indeed, the foreign exchange reserves of the Central Bank did not show much change from the U.S.$135-145 million from the beginning of 1958 until August 1959, when the U.S. Government paid the

Manila fibre bulks large among Canadian purchases from the Philippines, outranked in the first half of last year only by canned pineapple. In a processing plant there, a stripping machine tears away the unwanted part of the abaca plant and leaves the fibre intact for further processing.

Philippines U.S.$23.86 million, representing the islands' share in the devaluation of the U.S. dollar in 1934. Thus the U.S. dollar reserves of the Central Bank stood at U.S. $167.26 million on November 18, 1959, an increase of $22 million over the $145.3 million at December 31, 1958.

During the last congressional session the Government passed a bill imposing a 25 per cent premium or "margin fee" on foreign exchange transactions. The Governor of the Central Bank initiated this measure in an attempt to cut down on demands for foreign exchange, to reduce purchasing power, and to raise government revenues. The act authorized an impost of up to 40 per cent but this was later dropped to 25 per cent by the President in response to tremendous opposition. The Central Bank was disappointed at the lower level and there is still talk of raising it to 40 per cent. Central Bank officials point to the margin law as one of the reasons for lower imports in the third quarter of 1959.

"Filipino First"

The implementation of the "Filipino First" movement has dislocated certain normal import patterns. Well established foreign import houses are severely restricted in their foreign buying, while new Filipino-owned importing and distributing firms are winning a growing share of the business. In addition, the tendency of the authorities to grant dollar allocations to producers rather than importers means that trading-houses act as indentors rather than as distributors.

Canadian Wheat Sales Rise

Traditional Canadian exports to the Philippines have included wheat flour; fertilizers; newsprint; drugs and chemicals; copper bars, ingots, rods, tubes and wire; wood pulp, and mining machinery. The recent big drop in purchases of wheat flour, shown in the accompanying table, is a result of the Philippines' determination to industrialize its economy. In 1958 the republic's first flour mill, capable of producing 30 per cent of normal flour consumption, came into operation. An extension to this mill and a new plant are to begin operating early this year, and three more are expected to be built and milling by 1961. Thus Canada's major export to the Philippines will no longer be wheat flour but wheat grain. In 1958 Canada's first wheat shipments to the Philippines were valued at $668,596 and in the first six months of 1959 at $1,243,522. By the end of October 1959 the figure had reached $2,193,397.

CANADIAN EXPORTS TO THE PHILIPPINES

	1957	1958	6 mos. 1959
	('000 Can. dollars)		
Wheat flour	10,795	8,701	1,010
Wheat		668	1,243
Fertilizers	1,470	1,439	302
Newsprint	1,656	878	722
Drugs and chemicals	59	380	116
Copper bars, rods, ingots, tubes and wire	703	312	109
Wood pulp	357	282	598
Mining machinery	294	223	142
Others	2,205	1,205	2,023
	17,539	14,088	6,265

As the Philippines continues its drive toward industrialization, markets should develop for Canadian raw materials, particularly chemicals, metals and minerals. Similarly, opportunities in the engineering field will open up as electrification, irrigation and construction projects develop. Exporters of most kinds of finished consumer and semi-

luxury goods will have an increasingly difficult problem in selling their goods in the Philippines.

Competition Is Keen

Japan, with its low-cost production and proximity to the Philippines, is a keen competitor. In addition, Japanese, Swiss, German and British firms offer long-term financing. United States firms enjoy a traditional place in the Philippine market as well as a tariff advantage over all other countries. U.S. goods are subject to only 50 per cent of the general tariff duties applicable to all other countries.

In spite of stiff competition and import controls, Canadian producers of raw materials and machinery and Canadian engineering firms would do well to investigate the Philippine market. Exporters will find that extending credit to the Filipinos presents no difficulty because all pay ments to foreign suppliers are mad by letter of credit and must b approved by the Central Bank Great care and patience must b observed, however, in deciding o the type of buying connection t be established. For assistance in thi and other problems, businessme may write to the Canadian Con sulate General, P.O. Box 1825 Manila. ●

Taiwan

With continuing U.S. aid, stable sugar prices and increased foreign investment in industry, Taiwan hopes to become economically self-sufficient in a few years. Canadian sales—mainly of wood pulp, base metals, drugs and chemicals—total about $1.2 million a year.

R. H. GAYNER, *Vice Consul and Assistant Trade Commissioner, Manila.*

WITH a population of over ten million, growing at the rate of 3.5 per cent a year, Taiwan knows that it must produce for export in order to survive. One of its great problems has been lack of capital. But in recent years its industrialization program, supported by U.S. aid which over the past ten years has totalled nearly one billion dollars (not including military aid), has begun to show encouraging results, particularly in textiles, aluminum, wood products, pulp and paper, and cement. The table following reveals how exports of these products have risen over the past year.

SELECTED EXPORTS FROM TAIWAN

	Jan.-Sept. 1959 ('000 U.S.$)	* Compared with Jan.-Sept. 1958 (per cent)
Textiles	7,786	+629
Ores, metals and metallic products	2,874	+153
Chemicals	1,698	+ 82
Paper and pulp	1,729	+147

More Capital Needed

There are no figures published on Taiwan's foreign exchange reserves, but government officials are confident that the republic will achieve economic self-sufficiency within the next few years, provided that U.S. aid is reduced very gradually, that the world price of sugar holds up, and that overseas capital can be brought in. World sugar prices have, in fact, declined over the past two years, but it is hoped that they will stabilize at present levels.

Foreign investment in Taiwan, particularly by overseas Chinese, is gradually increasing and laws to liberalize the conditions of investment from abroad are under consideration by the legislative Yuan. In addition to foreign investment, the Government is pinning its hopes for industrialization on the fact tha Taiwan has a large, stable anc cheap labour force and an abundance of cheap power.

Foreign Trade

Sugar and rice constitute Taiwan's chief exports. In 1958 sugai accounted for 52 per cent of tota exports and rice for a further 17 per cent.

As part of Taiwan's efforts t improve its economic situation, imports are closely controlled. Mos of the overseas buying is in the hands of two government purchasin organizations, the Central Trust o China and the Taiwan Suppl Bureau. Because the Governmen owns outright or has a substantia interest in most of Taiwan's industrial producing companies, and because all U.S.-aid buying is done through the Central Trust of China these two government bodies hold the key to any sizable sales t Taiwan.

Government policies have beer aimed at keeping the purchase o consumer and luxury goods to the barest minimum. This is in line witl the austerity regime necessitated b the island's continuing state of military preparedness, and with the need for raw materials and capital good for the development of industry.

TAIWAN'S EXPORTS

	1957	1958
	(million of U.S.$)	
Sugar	110.7	84.6
Rice	21.2	28.6
Canned pineapple	4.3	7.4
Tea	5.7	6.7
Bananas	3.8	6.2
Cement and building products		4.9
Lumber and manufactures	.8	3.2
Others	21.6	22.4
Total exports	168.1	164.0

TAIWAN'S IMPORTS*

	1957	1958
	(millions of U.S.$)	
Machinery and tools	81.6	75.2
Foodstuffs	38.7	35.7
Clothing	28.8	23.1
Industrial raw materials†	20.2	19.8
Fertilizers	24.5	19.5
Crude, fuel and lubricating oils	15.8	18.6
Transport equipment	15.9	17.7
Pharmaceuticals	9.7	10.0
Others	17.0	18.1
Total imports	252.2	237.7

*Includes U.S. aid and U.S. surplus commodity disposal program goods.

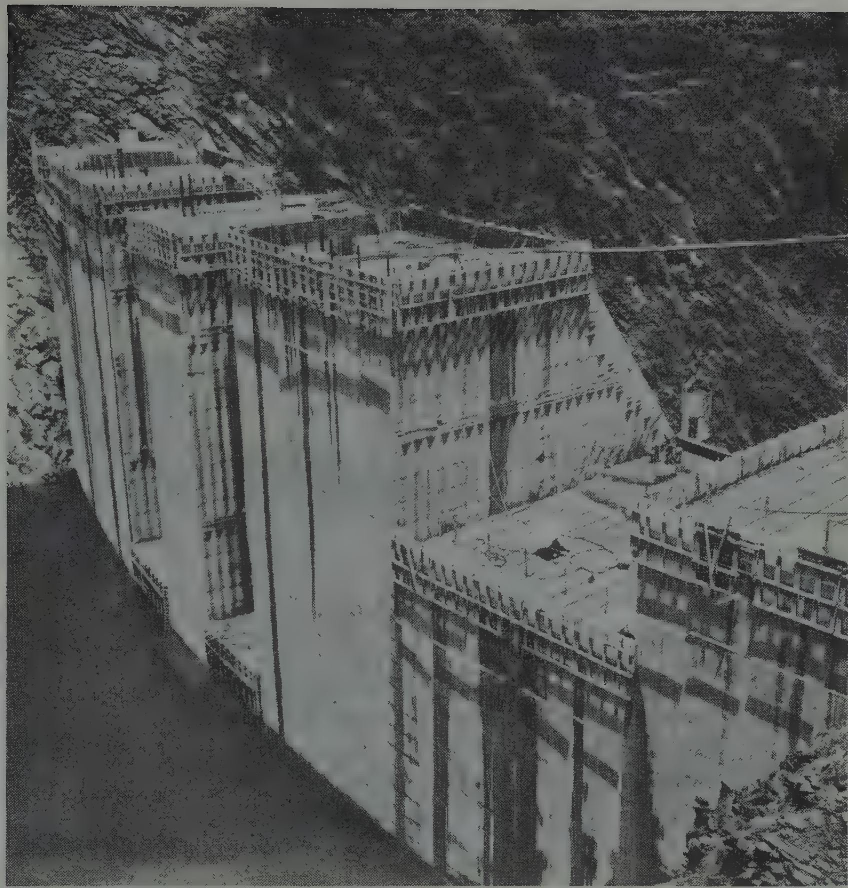
†Includes ores, chemicals, resins, paper pulp, rubber, and paints and dyes.

CANADIAN EXPORTS TO TAIWAN

	1957	1958	6 mos. 1959
	('000 Can.$)		
Wood pulp	599	313	479
Base metals	74	259	57
Drugs and chemicals	26	128	8
Asbestos	127	34	14
Malt	108	79	
Whisky	47	67	23
Synthetic resins	24	70	41
Others	643	217	199
Total exports	1,648	1,167	821

CANADIAN IMPORTS FROM TAIWAN

	1957	1958	6 mos. 1959
	('000 Can.$)		
Hoods and shapes, knitted	49	48	20
Plywood		43	248
Mandarin oranges	46	25	
Black tea	48	16	5
Others	49	27	53
Total imports	192	159	326



An industrialization program, financed largely with U.S. aid, is transforming the island of Taiwan. Vital part of this is hydro-electric power. Our picture shows a great dam under construction for the Wu-Sheh hydro project on the Choshui River in central Taiwan. The dam, finished some time ago, is 374 feet high.

Taiwan's biggest single trading partner is Japan. In 1958, 46.86 per cent of Taiwan's total exports valued at U.S.$164.4 million went to Japan and 56.38 per cent of its total imports valued at U.S.$127.7 million came from that country. (The import figure does not include U.S.-financed imports totalling U.S. $87.3 million in 1958.)

The close trading tie with Japan is a result of the fact that from 1895 to 1945 Taiwan was a Japanese dependency. The island's economic development during these years did not go beyond supplying agricultural products and raw materials to Japan. However, since the war, and particularly since the arrival of the Nationalist Chinese Government in 1950, there has been a concerted effort to industrialize the economy and to diversify exports.

Canada's share in Taiwan's foreign trade has been relatively small; we sold goods valued at $1,167,000 to Taiwan in 1958 and bought $159,000 worth in return. Principal Canadian exports to Taiwan include wood pulp, base metals, asbestos, drugs and chemicals, and synthetic resins.

With Taiwan's continuing import controls and economic planning, the nature of our sales there is not likely to change over the next few years. Experience has shown that the best method of participating in this market is to select an agent well known to the Central Trust of China and to the Taiwan Supply Bureau. Interested Canadian businessmen who would like advice on the choice of an agent should write to the Canadian Consulate General, P.O. Box 1825, Manila. ●

Import and Exchange Regulations in the Far East

International Trade Relations Branch

THE following is a summary of the import and foreign exchange control regulations currently in effect in Far Eastern countries.

BRITISH BORNEO

Effective July 1, 1959, North Borneo issued an Open General Licence for the import of goods from the dollar area, with some exceptions for which specific licences are needed. The products remaining under restriction include motor vehicles and spares, air-conditioning equipment, non-domestic refrigeration equipment, and certain other industrial machinery and equipment.

BURMA

Import trade is carried on either by private firms or by the joint venture corporations owned by the Government and by private traders. Importers are registered with the Directorate of Imports and Exports and classified according to the size and grade of business. An over-all amount of exchange—which is allocated to individual traders according to their registered grade—is approved for the import of specified commodities. Of the eleven joint venture corporations, two import industrial equipment for general distribution and the other nine deal in textiles, foodstuffs, building materials and hardware.

In the application of import control there are several Open General Licences under which specified goods may be brought in freely from any country. For goods not included under the O.G.L., individual import licences are issued according to domestic needs and as the foreign exchange reserves warrant. When licences are issued, purchases can be made on a global basis. Licences are valid for six to twelve months from the date of issue.

CAMBODIA

Licences are required for all goods imported into Cambodia; these are valid for six months and goods must be shipped before the expiry date. Purchases from abroad are authorized under an import pla and the import of certain luxury goods or goods with out economic interest is forbidden. Foreign exchang from Cambodia's own earnings is allocated on a half year basis for imports of specified products from th appropriate currency zone. Imports are also mad under the ICA program. Importers are invited period ically to apply for licences to import goods specifie in trade and payments agreements with certain coun tries. Luxury goods are financed by a percentage o foreign exchange earned from certain exports.

COMMUNIST CHINA

Licences are required for goods imported into Com munist China. The Government has established 1 national export and import corporations, each con cerned with trade in certain commodities, and impor licences are issued automatically for all orders place by the corporations. Exporters wanting to trade wit Communist China should write directly to the hea office and branches of the Chinese State Trading Cor porations in Peking, Tientsin, Tsingtao, Shanghai an Canton, or their agent, the China Resources Compan in Hong Kong. Letters should include a full descriptio of the goods or services offered, descriptive brochure (three to six copies), and if possible, price quotation c.i.f. Chinese port.

HONG KONG

Goods may be imported into Hong Kong withou import licences with the exception of dutiable, danger ous and undesirable, restricted and strategic goods.

All foreign exchange transactions in currencies othe than sterling and currencies linked with sterling ar restricted. Official exchange must be purchased fron an authorized bank. However, there is an extensiv free market for trading in dollars at higher rates an most imports from the dollar area are paid for wit dollars bought on that market.

INDONESIA

Imports are under strict control and may be brough in only by officially recognized importers. All good from abroad are placed in one of six categories rang

ng from highly essential to luxuries. When an importer applies for a licence, a guarantee deposit of 133⅓ per cent of the c. and f. value at the parity rate of exchange is required. When the application is approved, the importer must conclude an exchange contract or letter of credit with an exchange bank at the rate determined by the Exchange Fund. Similarly, the exchange bank must enter into a contract with the Exchange Fund for the necessary foreign exchange and for the same period. All transfers abroad must be computed at the selling rate determined by the Exchange Fund. At the same time the importer must also deposit the amount of surcharge or import tax levied at the rates of 0, 25, 50, 100, or 200 per cent, depending on the essentiality of the goods. When the licence is issued, import must be made within the period determined by the Foreign Exchange Institute or the deposit is forfeited to the Government. As of August 24, 1959, a new parity rate was established at rupiahs 45 to the United States dollar.

JAPAN

Most imports are subject to individual import licences which are usually valid for six months depending on the category. A foreign exchange budget is drawn up each half-year (April to September and October to March) for imports, based on the estimated receipts from exports and on other current income and reserves. Commercial imports for the most part are admitted under one of the following procedures:

1. *The Automatic Approval System*—import licences are issued freely (except for a few commodities and up to the over-all budget quota limit) on application to the foreign exchange bank. There is no discrimination as between countries of origin under this procedure.

2. *The Foreign Exchange Fund Allocation System*—importers must obtain foreign exchange allocation certificates from the Ministry of International Trade and Industry before applying for an import licence.

3. *The Automatic Allocation System* (introduced last November)—foreign exchange is allocated without limitation on application to the Ministry of International Trade and Industry. This system covers various types of machinery and consumer goods.

LAOS

The current regulations have been in effect since October 9, 1958, when a decree announced certain changes in trade and exchange regulations. Under the new regulations, formalities in financial transfers are suspended and all imports and exports of merchandise are freed, except those prohibited for reasons of public order. The National Bank is authorized to buy and sell without restriction United States dollars at a stabilized rate of 80 kip to the dollar. Commercial banks and financial institutions approved by the National Bank may buy and sell all foreign currencies. Most imports at present are financed under ICA.

PHILIPPINES

There is no import licensing system in the Philippines. However, there is a system of exchange control under which the licensing of exchange for imports is the responsibility of the Central Bank. Before each three-month period, the Monetary Fund certifies to each authorized agent or bank the amount of foreign exchange available to it, based on quotas of the previous period. Applications for letters of credit are considered as applications for licences to buy foreign exchange to pay for imports and separate applications must be filed for each class of product. A letter of credit is valid for a maximum of six months from the date of issue, and must be used for all imports, with few exceptions. Goods from abroad will not be released from Customs without the presentation of a release certificate issued by the Central Bank or an authorized agent bank.

SINGAPORE AND FEDERATION OF MALAYA

The Governments of Singapore and the Federation of Malaya announced that, effective August 1, 1959, goods may be imported from the dollar area under Open General Licence, with the exception of a small list of items for which specific licences are required.

SOUTH KOREA

Foreign exchange transactions are subject to import and exchange control regulations administered by the Ministry of Finance and the Bank of Korea. Certain listed goods may be imported freely without a licence, but other goods not included in the listed schedule of commodities require the approval of the Ministry of Commerce and Industry. Import commodities are divided into two categories: (1) regular items, including certain consumer goods, essential raw materials and industrial equipment, that for the most part do not require an import licence and may be imported with all the foreign exchange deposited in the import accounts; (2) special items or less essential commodities that require import licences in every case and may be imported either with foreign exchange earned from exports or foreign exchange designated by the Government. Because these products may be sold more profitably, this category is expected to encourage exports.

Imports made under ICA must be covered by a deposit of more than 60 per cent with the Bank of Korea and are subject to special regulations. Goods must be imported and cleared through Customs within six months from the date of opening the import letter of credit, regardless of the expiry date.

SOUTH VIETNAM

Foreign exchange transactions are subject to government regulation and control. All imports need a prior licence which usually stipulates that payment must be made against shipping documents. Imports classified as unessential are subject to a surcharge varying with the type of foreign currency required from the Central Bank. The licence serves as the authority to purchase foreign exchange, and its validity period varies according to the delivery time for the commodities. Goods that arrive not covered by a licence are subject to severe penalties and must be returned if a licence is not obtainable. In general, licensing authorities require shipments to be financed by banker's letter of credit.

TAIWAN

All foreign exchange income and disbursements are subject to government control and administered by the Foreign Exchange and Trade Control Commission of the Executive Yuan. The Bank of Taiwan is the only bank authorized to handle foreign exchange transactions and, unless otherwise provided for in the foreign exchange allocation, only registered import and expo firms may apply. All imports are subject to licence an holders of licences automatically have permission t buy foreign exchange; licences are valid for six month to one year. Merchandise arriving in the country an not covered by a licence may be confiscated.

Effective August 10, 1959, a single rate of exchang for imports and exports was adopted. The rate is no New Taiwan \$36.38 to U.S.\$1.00 for selling an N.T.\$36.08 to U.S.\$1.00 for buying.

THAILAND

Imports are classified as either essential or non-essen tial. Imports of essential goods are permitted withou an import licence. Strictly non-essential goods, fo which licences may be granted under special circum stances, and all other non-essential goods may b imported only under licence. Applications for licence generally may be made to the Ministry of Economi Affairs, the licensing authority. Applications to ope letters of credit with the Bank of Thailand or othe authorized agent must be accompanied by pro form invoices. A certificate of payment issued by the author ized dealer is also required by the Thailand Customs.

Trade Commissioners on Tour

The following officer of the Trade Commissioner Service is undertaking a tour in Canada. His itinerary is:

JOHN MACNAUGHT, Assistant Commercial Secretary in Wellington, New Zealand.

Ottawa—Jan. 18-29 Montreal—Feb. 1-3

Businessmen who wish to see Mr. MacNaught should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Tours of Territory

N. L. CURRIE, Assistant Commercial Secretary in Bogotá, Colombia, will begin a visit to Ecuador on February 13, stopping en route at the Colombian towns of Cali, Popayan and Pasto.

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong, will visit Saigon in South Vietnam, Phnom Penh in Cambodia, and if possible Hanoi in North Vietnam, from February 6-18.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna Austria, will visit Zagreb and Belgrade, Yugoslavia, from Feb ruary 10-17.

J. B. McLAREN, Assistant Commercial Secretary in Karachi Pakistan, will visit West Pakistan from February 8-March 4

J. R. MIDWINTER, Assistant Commercial Secretary in New Delhi, India, will visit Calcutta, Ranchi in Bhihar, Cuttack an Bhubaneshwar in Orissa, and a number of centres in Assan from January 28-February 10.

R. F. RENWICK, Commercial Secretary in Port-of-Spain Trinidad, will visit Bridgetown, Barbados, from February 1-6 and St. George's, Grenada, from February 7-10.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut Lebanon, plans to visit Iraq early in February.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria will visit Bucharest, Romania, from February 1-4, and Prague Czechoslovakia, from March 14-17.

Businessmen who would like these officers to undertak assignments should get in touch with them at their posts a soon as possible. Write to Mr. Currie at Bogotá, Mr. Forsyth Smith at Hong Kong, Mr. Freyseng and Mr. Thomson a Vienna, Mr. McLaren at Karachi, Mr. Midwinter at New Delhi, Mr. Renwick at Port-of-Spain, and Mr. Rousseau a Beirut.

SHIPPING SERVICES FROM CANADA TO THE FAR EAST

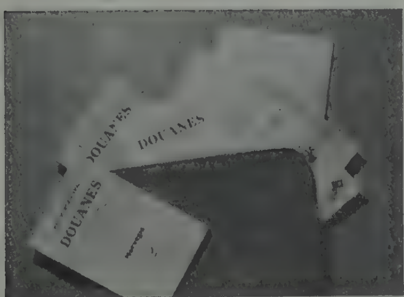
	FROM		
	Pacific Coast	**Great Lakes**	**St. Lawrence and Atlantic**
TO **Burma**	American Mail Line	Orient Mid-East Lines	Orient Mid-East Lines
Cambodia	*Via Saigon:* American Mail Line Java Pacific and Hoegh Lines States Line		*Via Saigon:* Isthmian Line Maersk Line
Communist China	With transhipment at Hong Kong	With transhipment at United Kingdom and Continental ports	With transhipment at United Kingdom and Continental ports
Hong Kong	American Mail Line Klaveness Line Knutsen Line Nissan Pacific Line Orient and Pacific Lines Pacific Orient Express Line	Iino Lines	Iino Lines Maersk Line Marchessini Lines Mitsui Line
Indonesia	American Mail Line Java Pacific and Hoegh Lines Klaveness Line Knutsen Line		Isthmian Lines Maersk Line
Japan	American Mail Line Nissan Pacific Line N.Y.K. Line Orient and Pacific Lines Pacific Orient Express Line Shinnihon Line States Line States Marine Line Yamashita Line	Iino Lines	Iino Lines Maersk Line Marchessini Lines Mitsui Line
Laos	*Via Saigon:* American Mail Line Java Pacific and Hoegh Lines States Line		*Via Saigon:* Isthmian Line Maersk Line
Macao	*Via Hong Kong:* American Mail Line Klaveness Line Knutsen Line Nissan Pacific Lines Orient and Pacific Lines Pacific Orient Express Line	*Via Hong Kong:* Iino Lines	*Via Hong Kong:* Iino Lines Maersk Line Marchessini Lines Mitsui Line
Malaya	American Mail Line Java Pacific and Hoegh Lines Klaveness Line Knutsen Line		Isthmian Lines Maersk Line

	FROM Pacific Coast	Great Lakes	St. Lawrence and Atlanti[c]
TO Philippines	American Mail Line Java Pacific and Hoegh Lines Klaveness Line Knutsen Line Maritime Co. of the Philippines Ltd. Orient and Pacific Lines Pacific Orient Express Line States Line		Isthmian Lines Maersk Line Marchessini Lines
Republic of China (Taiwan)	Java Pacific and Hoegh Lines States Line States Marine Lines		Maersk Line Marchessini Lines
Singapore	American Mail Line Java Pacific and Hoegh Lines Klaveness Line Knutsen Line Nissan Pacific Line	Orient Mid-East Lines	Isthmian Lines Maersk Line Marchessini Lines Orient Mid-East Lines
South Korea	American Mail Line States Line States Marine Line		*With transhipment in Japan:* Maersk Line Marchessini Lines
South Vietnam	American Mail Line Java Pacific and Hoegh Lines States Line		Isthmian Lines Maersk Line
Thailand	Knutsen Line States Line		Isthmian Lines Maersk Line Marchessini Lines

Sarawak, North Borneo, Brunei: no direct steamship services from Canadian Atlantic or Pacific ports. Transhipment necessary, probably at Singapore or Hong Kong.

Shipping Lines	Agents
American Mail Line	*Canadian Blue Star Line, Vancouver*
Iino Lines	*Federal Commerce and Navigation Co., Montreal and Toronto*
Isthmian Lines	*Amalgamated Exporters Co. (Canada) Ltd., Montreal*
Java Pacific and Hoegh Lines	*Dingwall Cotts and Co., Vancouver*
Klaveness Line	*Balfour Guthrie and Co., Vancouver*
Knutsen Line	*Johnson, Walton Steamship Ltd., Vancouver*
Maersk Line	*Robert Reford Co., Montreal*
Marchessini Lines	*Sealakes Shipping, Montreal*

Shipping Lines	Agents
Maritime Co. of the Philippines Ltd.	*Furness, Withy Co., Vancouver*
Mitsui Line	*Montreal Shipping Co., Vancouver*
Nissan Pacific Line	*Kingsley Navigation Co., Vancouver*
N.Y.K. Line	*B. W. Greer & Son Ltd., Vancouver*
Orient and Pacific Lines	*Union Steam Ship Co. of New Zealand, Vancouver*
Orient Mid-East Lines	*North American Shipping Agency Ltd., Montreal*
Pacific Orient Express Line	*Empire Shipping Co., Vancouver*
Shinnihon Line	*Balfour Guthrie & Co., Vancouver*
States Line	*Dodwell & Co., Vancouver*
States Marine Lines	*Pacific Marine Freighters Ltd., Vancouver*
Yamashita Line	*North Pacific Shipping Co., Vancouver*



Trade and Tariff Regulations

Denmark

IMPORT MEASURES—Discrimination against dollar imports in favour of the OEEC countries of Europe has been ended by Denmark. Formerly, the Danish import licensing authority, the Directorate of Supplies, supported a policy of making available two quotas for commodities for which import licences are granted, one for dollar countries and the other for the OEEC countries, with the balance heavily weighted in favour of the latter. Now Danish importers may freely choose the country of origin within the over-all quotas established.

As a further step in trade liberalization, certain commodities which have been restricted to quotas established for individual countries through bilateral trade agreements negotiated by Denmark are to be added to the over-all quota list: spirits, photographic films and plates, smoking articles, leather goods, electrical household appliances.

Details of the goods included in the quotas prepared by the Directorate of Supplies may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce, Ottawa, or, the Commercial Counsellor for Canada, Copenhagen.

Finland

DISCRIMINATION AGAINST DOLLAR IMPORTS ENDS—Effective January 1, 1960, Canada and the United States have been added to the list of countries to which the system of licence-free import into Finland applies. This means that the provisions applicable to imports from Western Europe have now been extended to Canadian products.

As a result of this step, a number of goods may now be imported from Canada and the United States free from quantitative restrictions and without import licences. They include the following commodities which appear to be of interest to Canadian exporters:

Grass seeds
White and alsike clover seed
Meat and fish meal

Tallow
Tobacco
Talc
Limestone
Fluorspar and cryolite
Ores of base metals
Phosphorus, mercury, chlorine, carbonic acid
Bases and oxides
Cellophane
Medicaments containing alcohol
Educational films and developed cinematographic films
Tanning extracts
Raw hides and skins, dressed leather
Cotton fabrics
Fishing nets
Iron and steel bars and wire, stainless
Tools for agriculture, stockbreeding and horticulture, including spades, shovels and hoes
Primary copper, nickel, aluminum, lead and zinc
Manufactures of base metals
Office machines and apparatus, including bookkeeping and calculating machines
Dynamos, motors and converters
Vacuum cleaners
Machinery and apparatus for wireless telegraphy and telephony
Signalling and safety apparatus for railways and highways
Automatic switches
Optical and precision instruments
Automobile lamps and photographic lamps
Plates, sheets and manufactures of artificial plastic materials.

In addition, goods for which licences for imports had been granted automatically may now be imported free from import licensing requirements. Some of the more important items in this group are:

Red clover seed
Crude asbestos
Power-operated saws
Sparkplugs
Certain pharmaceuticals
Synthetic rubber
Artificial textile fibres
Sewing machines
Carbon and graphite articles for electrical use
Industrial trucks
Non-hardenable synthetic resins

The new liberalization measure opens the Finnish market to a new range of goods from Canada. This, and the abolition of the licensing requirements for freed imports, will be helpful to Canadian exporters. It should be borne in mind, however, that Canadian imports were admitted into Finland with relative freedom even before the latest change. Besides, there are still various imports, including grains, flour and outboard motors, which remain under Finnish restrictions from all sources.

Information concerning particular commodities on the Finnish list of liberalized dollar imports may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

Greece

IMPORT QUOTAS FOR FIRST HALF 1960—The Ministry of Commerce in a series of decisions set the following import quotas for the first half of 1960 (January-June 1960) on certain commodities imported from free exchange countries, including Canada: wood pulp 11,500 metric tons, lumber $2 million, tires and tubes $2.5 million, coal $2.5 million, steel and steel sheets $10 million, sewing machines $0.4 million, electrical equipment $2.25 million, and newsprint $0.5 million. Wood pulp quota allocations to the local paper and rayon mills have already been made, while allocations to individual importers of lumber, tires and tubes and coal will be made on the import performances of such importers during the years 1956-1958. On all the other commodities mentioned above, import permits will be granted on a "first come, first served" basis. This import procedure was introduced for the first time last April. These quotas do not apply to countries with which Greece has bilateral clearing agreements—Athens.

Netherlands

NEW IMPORT LIBERALIZATION—Effective January 1, 1960, the Government of the Netherlands announced a new liberalization measure freeing from restriction and import licensing twelve items, including the following goods of possible interest to Canadian exporters: seed rye, soaps, casks, tubs, buckets and other coopers' wares and parts thereof. The list of goods remaining subject to import control is short.

Information on the status of individual products may be obtained upon request from the International Trade Relations Branch.

West Germany

FURTHER DOLLAR IMPORTS LIBERALIZED—In compliance with obligations assumed under a GATT waiver in May 1959, the Government of the Federal Republic of Germany has announced a second step in the removal of restrictions on a number of imports. Consequently, a number of products are freed from restriction and licensing requirements effective January 1, 1960, including the following of possible interest to Canadian exporters:

Hen's eggs; certain types of sugar, including maple sugar; natural honey; films of a width exceeding 16 millimetres; automobile tires; all kraft papers, including bleached kraft papers, cartons of paperboard; asbestos filter blocks; artificial textile fibres; rugs and blankets of synthetic or artificial textiles; shoes and boots with upper parts of rubber, or with upper parts of textiles with soles vulcanized thereto; mosaic, setts, flags and paving, hearth and wall tiles; sanitary articles of chinaware; textile glass fibres; dolls and Christmas tree decorations.

Photo Credits

Picture on page 24, United Nations; page 31, Hamilton Wright.

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.04987.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 18	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01151	86.88	(1)
Austria	Schilling		.03667	27.27	
Australia	Pound		2.1325	.4689	
Bahamas	Pound		2.6656	.3751	
Belgium, Belgian Congo and Luxembourg	Franc		.01909	52.38	
Bermuda	Pound		2.6656	.3751	
Bolivia	Boliviano	Free	.00008337	11,944.72	
British Guiana	Dollar		.5553	1.80	
British Honduras	Dollar		.6664	1.50	
Brazil	Cruzeiro	General Category*	.004391	227.74	*Dec. 29 (2)
		Special Category	.002143	466.58	
		Official selling	.05035	19.86	(3)
Burma	Kyat		.2000	5.00	
Ceylon	Rupee		.1999	5.00	
Chile	Escudo	Free	.9115	1.0971	(4)
Colombia	Peso	Certificate	.1488	6.72	
Costa Rica	Colon	Official	.1696	5.90	
		Controlled free	.1433	6.98	
Cuba	Peso		.9525	1.04987	tax 2%
Czechoslovakia	Koruna		.1323	7.56	
Denmark	Krone		.1378	7.26	
Dominican Republic	Peso		.9525	1.04987	
Ecuador	Sucre	Official	.06350	15.75	
		Free	.05525	18.10	
Egyptian Region, United Arab Rep.	Pound	Official	2.7352	.3656	
		Export account selling	2.1925	.4561	
El Salvador	Colon		.3810	2.62	
Fiji	Pound		2.4014	.4164	
Finland	Markka		.002977	335.91	
France, Monaco, etc.	New Franc		.1941	5.15	(5)
French colonies	Franc		.003882	257.60	(6)
French Pacific	Franc		.01068	93.63	(7)
Germany	D Mark		.2284	4.38	
Ghana	Pound		2.6656	.3751	
Greece	Drachma		.03175	31.50	
Guatemala	Quetzal		.9525	1.04987	
Haiti	Gourde		.1905	5.25	
Honduras	Lempira		.4763	2.10	
Hong Kong	Dollar	Free*	.1664	6.01	*Jan. 8
		Official	.1666	6.00	
Iceland	Krona	Official	.05849	17.10	(8)
India	Rupee		.1999	5.00	
Indonesia	Rupiah	Official rate	.02117	47.24	(8)
Iran	Rial		.01257	79.53	
Iraq	Dinar		2.6670	.3749	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Jan. 18	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6656	.3751	
Israel	Pound		.5292	1.89	
Italy	Lira		.001534	651.89	
Japan	Yen		.002646	377.93	
Lebanon	Pound	Free	.2996	3.34	
Mexico	Peso		.07620	13.12	
Netherlands	Florin		.2524	3.96	
Netherlands Antilles	Florin		.5086	1.97	
New Zealand	Pound		2.6656	.3751	
Nicaragua	Cordoba	Effective buying	.1443	6.93	
		Official selling	.1351	7.40	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.1999	5.00	
Panama	Balboa		.9525	1.04987	
Paraguay	Guarani	Official	.007807	128.09	
Peru	Sol	Certificate	.03439	29.08	
Philippines	Peso		.4763	2.91	
Portugal & Colonies	Escudo		.03324	30.08	(9)
Singapore and Malaya	Straits Dollar		.3110	3.22	
Spain and Dependencies	Peseta		.01587	62.99	
Sweden	Krona		.1839	5.44	
Switzerland	Franc		.2202	4.54	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04534	22.05	(8)
Turkey	Lira		.1058	9.45	(8)
Union of South Africa	Pound		2.6656	.3751	
United Kingdom	Pound		2.6656	.3751	
United States	Dollar		.9525	1.04987	
Uruguay	Peso	Free	.08600	11.63	
		Basic buying	.6289	1.59	(8)
		Principal selling	.4545	2.20	
Venezuela	Bolivar		.2843	3.52	
West Indies Fed.	Dollar		.5553	1.80	(10)
	Pound		2.6656	.3751	(11)
Yugoslavia	Dinar	Official	.003175	314.96	(8)
		Settlement rate	.001507	663.52	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods. Beginning Jan. 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada

ORGANIZATION SELLING DOCUMENTATION

TRADE TERMS ADVERTISING BRANCH PLANTS CREDIT

TARIFFS MANAGEMENT

BIBLIOGRAPHY PLANNING

PACKING FORWARDING

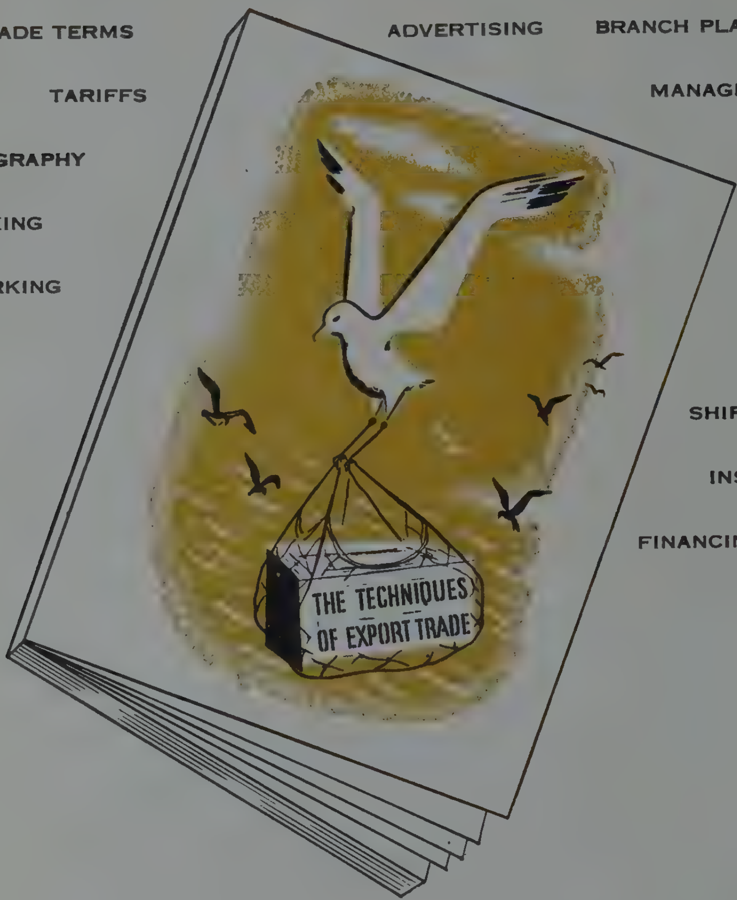
MARKING PROMOTION FAIRS

RESEARCH

SHIPPING AGENTS

INSURANCE

FINANCING



A must for exporters

This practical guide to selling in overseas markets takes you step by step through the complexities of modern trading practices. Written for Canadians by Canadians—successful exporters, businessmen in specialized fields, experts in the Department of Trade and Commerce—*The Techniques of Export Trade* should be on the bookshelf of every exporter and student of international trade. You can put it on yours—for only one dollar—by filling in and mailing this coupon.

MAIL TO: SUPERINTENDENT OF GOVERNMENT PUBLICATIONS
THE QUEEN'S PRINTER, OTTAWA

I enclose $__________ for __________ copies of

THE TECHNIQUES OF EXPORT TRADE

at one dollar per copy. Send to:

NAME ____________________

ADDRESS ____________________

NOTE: ORDER MUST BE ACCOMPANIED BY CHEQUE OR MONEY ORDER PAYABLE TO "THE RECEIVER GENERAL OF CANADA".

FEBRUARY 13, 1960

foreign trade

NADA

INDIA, PAKISTAN AND CEYLON IN 1959 (pages 2-11)

Established in 1904

foreign trade

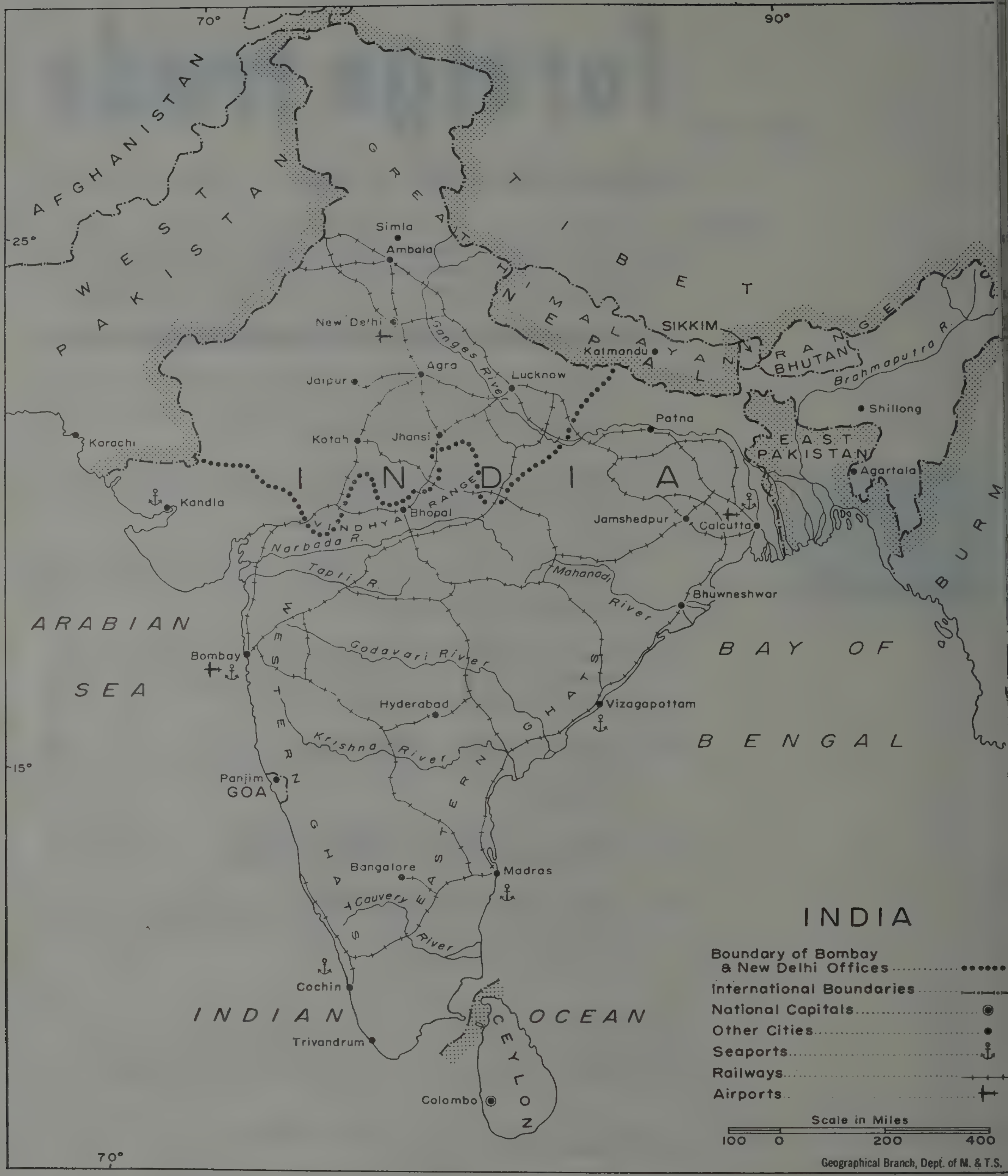
OTTAWA, FEBRUARY 13, 1960 Vol. 113, No. 4

cover In one of the great Indian steel plants, a technician checks the exact dimensions of a roller on a new rolling mill. This picture effectively introduces reports on India, Pakistan and Ceylon, where development plans stress the building up of industry to employ an increasing population. For details on industrial progress, trade, and agriculture in these countries, see pages three to 11.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.



INDIA · PAKISTAN · CEYLON · IN 195

India

Industrial expansion is proceeding apace, hydro-electric power developments are taking shape, and agricultural output rising slowly. Food supply continues to be a problem; non-essential imports are still severely restricted.

B. A. MACDONALD, *Commercial Counsellor, New Delhi.*

BUSINESS in India, with a few exceptions, is flourishing. Even the cotton textile industry, the world's second largest, is moving out of the depression that began some two years ago. The exception is mainly import trade. The import regulations for the current licensing period, announced on October 1, 1959, and valid until March 31, 1960, contained few important changes. All luxuries and non-essentials continue to be either banned entirely or severely restricted. There is no reason to expect that the next period, beginning April 1, will see any change—in fact, this policy will almost certainly continue for at least the next five or ten years. The demand for capital goods and for many industrial raw materials will, however, be limited only by the country's foreign exchange resources accruing from exports or available from foreign loans, credits, or other forms of financial assistance.

The Ministry of Commerce and Industry announced on December 18, 1959, that from that date all discrimination against imports from the dollar area was abolished. Although the business community and the press have generally welcomed this decision, it is recognized that it does not mean any important change in India's import policy. The former discrimination against dollar countries was largely formal in character and not significant in practice.

An increasing number of businessmen in the leading industrial countries seem to be discovering India. In travelling about the country today, one gets the impression that almost every manufacturer whose products are known on the international market has established or is discussing the possible establishment of a factory here, usually with Indian collaboration, either private or government.

Traffic to India Growing

The off-season discount in fares which once prevailed in passenger traffic to and from India is largely disappearing. A sea-passage outward, either eastbound or westbound, now must be applied for many weeks, if not months, in advance. The same holds true of airline reservations, despite the addition during the past year (1959) of three international carriers to the 12 which were already serving India, the advent last June of the *Comet* jet on the BOAC services, and the expected appearance early in 1960 of jets on both the Air India International and the Pan American services. Airline services within India itself are being expanded and internal railway and motor traffic is increasing rapidly.

It is now unwise for a foreign traveller to arrive in any city in India without a confirmed hotel reservation. On planes and trains and in hotels and clubs throughout the country, foreign languages other than English are increasingly heard and especially German, Japanese, French, Italian and the Scandinavian languages. English—including American and various Commonwealth accents—is, however, well to the fore.

All this reflects the fact that the industrialization of India is proceeding apace although it will probably be another decade or two before she achieves a self-sustaining economy. But if she gets the necessary capital and technical assistance from more industrially-advanced countries, her industrialization will be one of the great features of the second half of the twentieth century.

Industrial Production Rising

The estimate for the general index for industrial production for 1959 is about 149 (monthly average; base 1951=100) compared with an average of 140 in 1958. Comparable estimates for individual industries are not yet available. However, the really striking rises in capacity, in actual production, and in diversification taking place in most industrial fields are obscured by the fact that in the general index the textile industries, recently depressed, have a weighting of 48 per cent.

Certain industrial areas of Bombay, Calcutta, Madras, Bangalore, and New Delhi give the visitor somewhat the same impression as visits to the newer industrial areas of Montreal, Toronto-Hamilton, Edmonton or Vancouver. But the quickening of industrial expansion is not confined to the major Indian centres. New industries are springing up in many smaller cities throughout the country. At Bareilly in the north, for example, India's first synthetic rubber plant is to be established at a cost of Rs.160 million ($32 million) as a joint project of an Indian firm and a U.S. rubber company.

Steel and Aluminum

The year 1959 has been a notable one for the steel industry. The first units of the three great plants being built by the Hindustan Steel Co. Ltd., (an agency of the Central Government) at Bhilai in Madhya Pradesh, at Rourkela in Orissa, and at Durgapur in West Bengal, with financial credits and

78441-3—2

technical assistance from Russia, from Germany and Austria, and from the United Kingdom respectively, were commissioned. At Bhilai in December the ammonium sulphate plant, billet manufacturing plant, and a second blast furnace went into production. At Rourkela the slabing mill and the L.D. processing plant were commissioned in the same month and on December 29, the plant at Durgapur was formally opened by President Rajendra Prasad.

The three older steel plants (the Tata Iron and Steel Co. Ltd., at Jamshedpur in Bihar; the Indian Iron & Steel Co. Ltd., at Burnpur, West Bengal; and the Mysore Iron & Steel Works in Mysore) all completed expansion plans in 1959.

When these new units and expansions are operating at capacity, their production will be approximately as follows (the figures in brackets give previous production):

	(millions of tons)	
Bhilai	1.00	(0)
Durgapur	1.00	(0)
Rourkela	1.00	(0)
Total for new plants	3.00	(0)
Tata Iron & Steel Co. Ltd.	2.00	(0.90)
Indian Iron and Steel Co. Ltd.	0.9	(0.50)
Mysore Iron & Steel Works	0.10	(0.03)
Total for older plants	3.0	(1.43)
TOTAL	6.0	(1.43)

A fourth large steelworks is being considered for the Third Plan —a plant to produce 40,000 tons (25,000 tons of saleable steel) of tool and other special steels. Tata's has also applied for a licence to establish a similar plant with a capacity of 100,000 tons (65,000 tons of saleable steel).

In February 1959 the Indian Aluminium Company increased the capacity of its smelter at Hirakud from 10,000 to 20,000 tons and later in the year this Canadian-Indian enterprise completed plans for a further expansion of its production facilities. It has pioneered in the production of aluminum in India and is by far the most important producer. The three largest U.S. producers of aluminum are also taking an active interest in India and two of them have announced plans for entering the field.

Stepping up agricultural production has become a crucial problem in India as he[r] population increases. One attack on this problem is the teaching of modern farmin[g] methods. Here a farmer in the Terai area uses a tractor to plough deep into the soi[l]

Hydro-Electric, Atomic Power

One of the most serious impediments to India's industrial progress is the power shortage. The Second Plan provided for the addition of 3.5 million kw. during 1956-61 to the approximately 3.1 million kw. of total installed capacity at the beginning of that period. It is now expected that because of foreign exchange deficiencies, there will be a shortfall and that total capacity will not exceed 6.4 million kw. at the end of Plan Two.

Under the Colombo Plan, Canada has assisted in the supply o[f] electricity by contributing to the construction of new generating plants at Mayurakshi in West Bengal State (4,000 kw.) and at Umtru in Assam (7,500 kw.). During the first half of the current year (1960) the first stage of the new Hydel station at Kundah, in Madras State (145,000 kw. first stage), which is also a Canadian Colombo Plan project, will come on stream for the Madras Electricity Board.

The Water and Power Commission of the Central Government has numerous other hydro projects to be started when it has the necessary financial resources and the Canadian Government may possibly take up one or more of these a[s]

part of its Colombo Plan contribution.

Construction of the Canada-India experimental reactor at Trombay, (a few miles from Bombay), is making good progress; this is a joint project of the Canadian and Indian Government atomic authorities under the Colombo Plan.

Although no final decision has been taken, it is understood that India's first commercial atomic power plant will be established within the next year or two, probably near Ahmedabad in north Bombay State.

The Third Five-Year Plan

Much thought and discussion were devoted during 1959 to the Third Five-Year Plan that will begin in April 1961. The estimate of total expenditure over the five years is rupees 100 billion (or $20 billion). The foreign exchange included in this total is rupees 20 to 30 billion (or $4 to $6 billion). Opinion in private industrial circles at first considered the target too high but lately it has swung round to the Government's view that these figures are the minimum desired. It is possible that both the size and the pattern of the Plan, but especially the latter, may have to be modified in the light of defence needs if relations with Communist China deteriorate.

Agricultural Production

Agricultural production improved in the crop year 1958/59 over the previous year, as shown by the following table:

	1957-58	1958-59
	(in million tons)	
Total foodgrains	62.5	73.5
of which:		
Wheat	7.7	9.7
Rice	24.9	29.7
Other cereals	20.4	21.9
Pulses	9.5	12.2

Production of commercial crops also improved on the whole in 1958-59. Raw jute output totalled 5.18 million bales as against 4.05 million, sugar cane 7.2 million tons (6.9), and oilseeds 6.9 million tons (6.1). Agricultural conditions during the autumn of 1959 were generally good and it is expected that the final figures will reveal good results, especially for rice and for plantation crops such as tea, rubber and coffee.

Food Shortage Discussed

The food position continues to be difficult in some respects. Despite the appreciable increase in production, the price of both wheat and rice increased markedly in many parts of the country and at various periods. The Government's policy of encouraging co-operative farms and state control of the trade in foodgrains has aroused both strong criticism and strong support. However, the criticism became so vocal by late August 1959 that Shri Ajit Prasad Jain, Minister of Food and Agriculture, resigned.

The publication of the report sponsored by the Ford Foundation on *India's Food Crisis and Steps to Meet It,* prepared by a team of 14 American agricultural experts assisted by India's own specialists, was an outstanding event. Among the opinions expressed in the report was that the target for foodgrain production by the end of Plan Three (or 1965-66) must be raised to 110 million tons from the 73 million tons in 1957-58. By that time the population will total about 480 million. To achieve that target, the *rate* of increase of production must be trebled. If production rises no faster than at present, the gap between supplies and target will reach 28 million tons by 1966. The team believed that no "conceivable program of imports or rationing can meet a crisis of this magnitude".

Taken out of context, these opinions are perhaps unduly alarmist. But the population pressure on food supply is going to present a critical problem unless agricultural productivity is increased. Among the remedies suggested is massive application of fertilizers. Domestic fertilizer production is to be expanded but imports are likely to rise also.

The establishment of a wheat reserve of five million tons within the country (with the aid of one or more Western countries with a wheat surplus) is being considered as a safeguard in case of drought or flood and as a defence against price rises in wheat and rice whenever rumours of scarcity become current. One of the difficulties in maintaining such a reserve is the lack of adequate storage facilities.

Meanwhile, a further movement of U.S. wheat to India under the latest P.L.480 agreement has begun. The agreement was signed between the two countries in November 1959 and provided for the supply of three million tons of wheat against repayment in rupees.

Trade Picture

The following table shows the trend of India's foreign trade in 1957, 1958 and the first seven months of 1958 and 1959.

Canadian total exports to India rose from $29 million in 1957 to $79 million in 1958, making her Canada's fifth export market. Our imports from India totalled $29.2 million in 1957 and $27.7 million in 1958.

Our sales to India during the first nine months of 1959 reached

	January to December		Seven months ended July	
	1957	1958	1958	1959
Exports	6,377.4	5,705.6	3,116.5	3,135.6
Re-exports	51.1	84.0	46.5	38.1
Total exports	6,428.5	5,789.6	3,163.0	3,173.7
Imports	10,258.2	8,641.8	4,568.4	5,090.3
Balance of trade	− 3,829.7	−2,852.2	−1,405.4	−1,916.6

78441-3—2½

only $37.3 million as against $59 million in the first nine months of 1958. The fall of $21.7 million was due mainly to a decline of nearly $20.9 million in sales of wheat, and to the fact that the large sales of railway rails (Can.$4.5 million) and of aircraft ($2.2 million) which took place in the first half of 1958 did not recur in the similar period of 1959. Imports from India durin the first six months of 1959 ro slightly to $14.6 million, as again $13.4 million in the same period 1958. ●

Pakistan

Successful efforts to increase exports, plus a good wheat harvest, are improving the foreign exchange position. Control of imports will continue to be necessary; this limits Canadian sales apart from Colombo Plan shipments.

L. A. CAMPEAU, *Commercial Secretary, Karachi.*

WHEN the new regime in Pakistan took over in October 1958, it undertook to rehabilitate the economy by earning more foreign exchange to wipe out the deficit in the balance of payments. Deficits in 1957 and 1958 were the result mainly of a deterioration in the terms of trade, difficulty in disposing of Pakistan's main export crops (raw jute and cotton), and large imports of foodgrains. The new regime took on the task of reorganizing import and export trade, and helping those industries and businesses that have a direct influence on the foreign exchange situation. A land reform limiting individual holdings and a rehabilitation program to provide housing for refugees were also initiated. Furthermore, an Investment Promotion Bureau was created to attract private foreign investment, with the assurance to private foreign capital of repatriation privileges for profits reinvested in approved enterprises. Inflationary pressure eased, however, in 1959 because of a vigorous drive to step up national production, to check profiteering and hoarding, and to encourage voluntary saving through a campaign to popularize austerity.

The introduction of an export promotion scheme in January 1959 brought an increase in exports during the first six months of last year. The scheme entitled exporters of goods other than raw jute and cotton, hides and skins, wool, rice and tea to receive foreign exchange for certain imports. The most important producers that the scheme is trying to help are those turning out jute and cotton manufactures. It has certainly raised shipments of cotton textiles, fish and such commodities as cotton waste, gunnies and resins, aluminum utensils, embroidered goods, cotton thread, etc. Exports of both cotton yarn and piecegoods have increased about 60 per cent. Exports of minor commodities like eggs from East Pakistan also received an impetus and earnings from these sources have risen significantly.

Import Policy Changed

The import policy is linked with the national effort to achieve solvency by stepping up production in agriculture and industry. Pakistan's foreign exchange reserves have risen slightly, so some relaxation of import restrictions has been possible. Some 201 items may now be imported under licence. The new import policy, which was announced this summer for the period July-December 1959, restored some of the consumer items that had been taken off the licensable list for th last period. The basis on whic licences are granted is determine by the licensing authorities accord ing to the foreign exchange that allocated for different items. A ne licensing system came into opera tion in Karachi on January 1, 196 and will be extended to the prov inces later if it proves satisfactory The procedure envisages the issuin of licences within hours of th announcement of the import polic of the Government. In future thi will be published once a year in stead of every six months.

Some of the main commoditie that can be imported under th export bonus scheme that entitle certain exporters to import licence and that are of interest to Canadia exporters include: arms and am munition; chemicals, drugs an medicines; automotive vehicles an parts; scientific and surgical instru ments; non-ferrous metals; tool hardware; electrical apparatus an appliances, refrigerators and a conditioners; office machines; trac tors and agricultural implement newsprint; photographic film; opt cal lenses; barley, malt; raw an synthetic rubber; fountain pens an parts; nylon yarn and twine; ai craft; glues; plastic wrapping film pigment and dry colours, and the moplastic moulding compounds.

Development Plans

External economic aid has con tinued to play an important part the economic development of Paki tan. To June 30, 1959, foreig economic aid totalled about $1 bi lion, or almost 17 per cent of th

total public expenditures on development since the start of the Colombo Plan in 1951. Roughly 10 per cent of this has come from Canada.

Five Year Plan

The First Five Year Plan has finished its fifth and final year and the Pakistan Government is now concerned with the Second Five Year Plan which begins this year. It envisages an expenditure of about Rs.19,000 million, compared with Rs.10,800 million for the First Plan. Almost half of this amount is to be assigned to the development of agriculture, water and power and to village aid. About 29 per cent of the total outlay is expected to go to the development of water and power alone and this in itself will help agricultural production. Communications will also receive attention; included are rehabilitation of the railways and expansion of civil aviation. External assistance necessary for carrying through this Second Five Year Plan is estimated to total about Rs.7,500 million, or Rs.1,500 million per year.

Wheat and Rice

Wheat—West Pakistan had a good wheat harvest, better than in many of the previous years. Production in 1957-1958 totalled 3.65 million tons, and in 1958-1959 it reached 3.86 million, an increase of 200,000 tons or 5.7 per cent. Imports of foodgrains had to be continued to meet shortages in both wings of the country. Negotiations on building up wheat reserves have been going on with other governments and Pakistan is considering a new wheat policy that might result in the abolition of wheat rationing. It has been estimated that the country must have a running reserve of about 500,000 tons of wheat to guard against any possible shortfall in supplies. The feeling is also that if large stocks are available, this fact will restore confidence in case of rising prices.

Rice—Production during 1958-1959 amounted to 7.9 million tons against 8.5 million the previous year. However, reports indicate that in spite of flood damage, the crop on the whole may turn out to be normal. The Central Government has been examining its policy on imports of rice. With effect from December 1, 1959, the private trade can purchase and export the superior varieties of rice on its own account but the Government exercises control over the quality being exported. Pakistan has so far earned a good deal of foreign exchange from the sale abroad of superior quality rice. The central and the provincial governments are therefore taking special care to ensure that the quality is maintained, as prospects for further exports appear bright.

Foreign Trade

The principal exports from Pakistan are raw materials—jute, raw cotton, raw wool, hides and skins, and tea. These used to make up about 95 per cent of total exports but the percentage is now down to about 85, with manufactured goods accounting for about 10 per cent. This is one result of a broadening of the economy in recent years, plus the impetus given to manufactured goods under the export bonus scheme. It is interesting to note that jute yarns and manufactures account for almost 75 per cent of total exports of manufactured goods.

In the calendar year 1958, Pakistani exports totalled Rs.1,416.9 million; in the first six months of 1959 they reached Rs.671.7 million, compared with Rs.763.2 million during the corresponding period of 1958. The decrease in the first half of 1959 was due to the fact that raw cotton and raw jute exports have been declining. In fact, the fall-off would have been greater had it not been for larger exports under the export bonus scheme of some Rs.122.0 million, or roughly $24 million. Chief customers were the United Kingdom, the United States, Japan, France, Federal Republic of Germany, Belgium, Luxembourg, Italy, India and Communist China.

In 1958, imports totalled Rs. 1,887.7 million—Rs.941.6 million on private account and Rs.946.1 million on government account. During the period January-June 1959, imports amounted to Rs. 720.9 million, a decrease of Rs. 296.8 million from the same period in 1958. Principal imports were grains, machinery, iron and steel, vehicles, oils, chemicals, drugs and medicines. Chief suppliers were the United States, the United Kingdom, West Germany, Japan and India.

Trade with Canada

Canadian sales to Pakistan in recent years have increased from Can.$10.5 million in 1956 to Can. $15.4 million in 1958. During the first seven months of 1959, they reached Can.$11,075,781 compared with Can.$10,383,573 for the same period in 1958. The above figures include materials supplied by Canada under the Colombo Plan; these represent between 85 and 90 per cent of our total sales to Pakistan. No breakdown of straight commercial transactions is available but the principal items were contractors' outfits, wheat, wood pulp, structural steel, steam engines, paper-mill machinery, transformers and parts, files and rasps, aircraft, automobiles and parts, trucks, cranes, derricks, hoists, copper and aluminum, drugs and chemicals, and a wide variety of commodities in lesser amounts.

Imports into Canada from Pakistan in 1958 totalled Can.$476,697 compared with Can.$503,690 in 1957. Jute and jute butts were the leading items, followed by sports goods, raw cotton, raw wool, waste and surgical instruments. Because of an effective trade drive, figures for the first half of 1959 show imports into Canada from Pakistan at Can.$613,870 against Can. $292,488 in 1958—or a 110 per cent increase over the same period in 1958.

It is difficult for Canadian exporters to increase their share of the Pakistan market because of the strict import control and strong European and Japanese competition. Although the foreign exchange situation has improved recently, it will remain difficult for some time to come. The only channels of trade offering increased possibilities are indenting and government tenders, which are big business in Pakistan (50 per cent of total imports). An agent is necessary, however, as direct offerings are seldom accepted.

Outlook

The year 1960 may bring an improvement in Pakistan's foreign exchange position, with an expected increase in exports of tea, fish, jute manufactures and cotton textiles, coupled with the hope of a substantial rise in jute and cotton exports. Although the drain on foreign exchange reserves has been reduced and the economic situation has cer tainly improved, business will con tinue to face many problems. Th increase in export earnings has nc been important enough to warran great optimism and it is too earl to judge the impact on industria production and on economic condi tions in general. As exports in crease, the trend is to cut import of some goods that can be produced locally. •

Ceylon

Canadian commercial sales to island should rise, as development plans bear fruit. Opportunities also appearing for Canadian firms to offer engineering services or to share in growth of private industry.

I. V. MACDONALD, *Commercial Secretary, Colombo.*

THREE hundred million dollars—that is the amount the island of Ceylon spent on imports during the first nine months of 1959, with purchases from abroad up by almost 30 per cent above the corresponding 1958 period. Largely neglected by Canadian exporters because of its small size and remoteness, Ceylon is in fact one of the more promising markets in the Far East. Per capita income is already high by Asiatic standards, there is little import control, foreign exchange is readily available, and present plans for increased food production and industrial development will further enhance market prospects for western products. Canadian firms could participate more in the economic development of this sister Dominion.

Canada's Trade with Ceylon

At present, Colombo Plan shipments comprise the greater part of Canadian exports to Ceylon. However, normal commercial exports rose by a substantial percentage during 1959, with larger sales of newsprint, asbestos, tools, pharmaceuticals, malt and sparkplugs. These products—with canned fish, clocks and medicines—account for most of the million dollars' worth of current private Canadian sales to this country. Canada has become a major customer for Ceylonese produce (chiefly tea, coconut oil, rubber and desiccated coconut) and ranks fourth among her export markets after Britain, the United States and Australia. As a purchaser of our goods, however, Ceylon comes well down on the list.

The outlook for improvement in Canadian commercial exports to Ceylon seems good. Industrial and consumer demand for Western products and services is increasing. Assuming stability in prices for tea, rubber and coconut oil (tea and rubber earnings are especially important) and sound government fiscal and economic policies, the present rise in Canadian sales should continue. However, Ceylon is a selective market for Canadian industry and our exporters fac several disadvantages, particularl the relatively high shipping cost and adaptation to U.K. standards Other points to consider in ap proaching the Ceylon market are suitability of products for a tropica climate; terms of payment (favour able payment terms could b decisive); medium and long-tern financing for large transactions; im port duties (they range from ver low to very high); tariff preferences competition; whether there is loca production, and the possibility of licensing agreement where expor sales are not practicable. In additio to commodity exports, Canada i in an excellent position to offe engineering and consulting service for the development of Ceylones basic and secondary industries Already Canadian firms have take part in hydro-electric schemes communications, paper production aerial surveys, etc., both privatel and under the Colombo Plan. Wit this introduction, further contract should be easier to obtain.

Trade Opportunities

The United Kingdom is well en trenched as Ceylon's first tradin partner and in 1959 increased it exports to the island substantially Simultaneously Ceylonese import into Britain dropped, to give

favourable balance of trade for the U.K. Other countries making gains in the Ceylonese market during 1959 were India, Burma, Germany, Egypt, Australia and Canada. Japan, France and Communist China sold less in 1959; rice shipments from the latter to Ceylon are scheduled to decline further under the 1960 barter agreement, largely because of competition from Burma. Ceylon's imports consist chiefly of transport equipment (10 per cent), textiles (10 per cent), rice (9 per cent), machinery (6 per cent), fish (5 per cent), fruit and vegetables (5 per cent), dairy products (4 per cent), chemicals (4 per cent), fertilizers (3 per cent), electrical apparatus (3 per cent), and a wide variety of other manufactured goods.

In addition to the Canadian products and services mentioned above, the following might find a market in Ceylon:

Synthetic resins, wallpaper, wood pulp, outboard motors, refractory bricks, toys, commercial fishing and fish-processing equipment, fresh apples, milk powder, boat kits, aluminum (semi-fabricated), paint components, sauces, commercial refrigerators, asbestos products, air conditioners, fiberglass, scientific instruments, power lawnmowers, packaging materials and equipment, fertilizers, sulphur dusting powder, automobile repair equipment, potash, oilcloth, acetylene black, canned foods, vinyl film, and various other industrial raw materials and consumer goods.

Canadian exporters who have been successful in other Far Eastern markets are likely to find similar opportunities in Ceylon.

Import Regulations

Import control no longer discriminates against the dollar area and does not play an important part in determining the extent or the nature of Canadian exports to Ceylon. It is applied from time to time to create a government trading monopoly or to protect infant local industries in the absence of dumping duties. "Ceylonisation", on the other hand, affects the *channels* of trade and was introduced to assist new Ceylonese firms to compete with the older established British and Indian companies. A firm is considered officially as Ceylonised when the majority of owners and directors are Ceylonese citizens or, for a public company whose shares are quoted in Ceylon, when the majority of directors are Ceylonese. Although most former British trading companies have elected for Ceylonisation, a few major firms have not yet complied with the requirements and are therefore restricted to their traditional sources of supply and trade volume.

"Registered Ceylonese traders" may import from dollar sources freely but "non-national established importers" must obtain individual licences. These, however, are granted almost automatically for their traditional dollar imports. Non-Ceylonised companies are not permitted to import from Germany, Japan, the U.S.S.R., Communist China, Czechoslovakia, Taiwan, Hungary, Austria, Bulgaria, Poland, Romania, Spain and Yugoslavia. Trade with these countries is confined to registered Ceylonese traders, who are also granted concessions to deal in certain specified products. Despite the efforts of the Government and registered Ceylonese traders, imports from Ceylonised countries and of Ceylonised goods in 1958 constituted only 16.5 per cent of the total. For Canada, Ceylonisation does not affect primarily established trading relationships but does prevent new agencies being placed with non-Ceylonised companies and new types of exports being sold through established non-Ceylonised connections.

Industrial Development

Ceylon's rapid population growth (present population 10 million), dependence on imported foodstuffs, and vulnerability to any fluctuation in export earnings demand an intensive program to stimulate food production and industrial development. Colombo Plan and other foreign aid has made a notable contribution in this direction, but there is a wider scope for voluntary co-operation

CANADA-CEYLON TRADE

	9 months ended September 1958	9 months ended September 1959
	(in Canadian dollars)	
Canadian Exports of which:	4,879,294	4,414,307
Flour	3,680,029	3,290,028
Newsprint	216,500	372,736
Asbestos	59,602	130,243
Files and rasps	20,900	73,983
Sparkplugs	57,686	65,036
Automobile parts	73,291	59,673
Drugs and chemicals	3,457	41,189
Medicinal preparations	7,757	7,288
Malt	6,956	15,582
Cereals	9,729	15,176
Clocks and parts	24,451	19,689
Canned fish	11,495	4,064
	8 months ended August 1958	**8 months ended August 1959**
Canadian Imports of which:	8,019,124	9,596,750
Tea	5,280,212	5,193,756
Coconut oil	935,886	2,445,444
Desiccated coconut	308,080	304,191
Rubber	1,391,340	1,550,338

between overseas industrialists and private business in Ceylon. An aggressive and imaginative policy to attract Commonwealth industry to Ceylon would benefit the country and do much to eliminate unemployment, an important cause of recent social unrest.

If suitable guarantees and incentives are forthcoming, Ceylon offers Canadian firms an opportunity to get in on the ground floor in an expanding Commonwealth market with a potentially bright industrial future. The Government supports new manufacturing projects with assisted financing, plant sites, tax concessions, research facilities and a possibility of generous protection through tariffs and import control. The country itself offers low-cost and adaptable labour, a co-operative business community, congenial surroundings, and access to other Far Eastern markets through good shipping connections. Although there is no organized capital market in Ceylon, Canadian companies wishing to arrange local participation in a branch-plant venture could make a public share offering or come to a private agreement with Ceylonese interests. Businessmen in Ceylon are keen to co-operate with overseas firms and are officially encouraged to do so. Participation by Canadian manufacturing and engineering firms in the Ceylonese economy would mean also an increased flow of Canadian exports.

Nationalization

The present Government of Ceylon during its three years in office has nationalized port services and road transport. It does not appear to have plans for extending nationalization into industry or agriculture. The late Prime Minister Bandaranaike stated that the tea and rubber estates would not be nationalized for at least another ten years. Even then, the Government would have to consider whether the estates would function more efficiently under its ownership. Support for the nationalization movement appears to be declining steadily, although it is still mentioned in the platforms of several political parties. The Government, however, sponsors and participates to a certain extent in new industrial undertakings, some of which are wholl[y] government-owned and other[s] jointly owned with private com[panies]. The Government has als[o] been active in the import trade bu[t] has confined itself to rice, flour, sugar, Maldive fish and dhal. Government control of fish and dhal i[s] now being relaxed.

Ten Year Plan

An ambitious and comprehensive plan to accelerate economic development in Ceylon has been drawn up by the National Planning Council for the ten-year period 1959-1968. This plan touches on almost all aspects of Ceylonese industry, agriculture and fisheries. It is to be carried out partly with foreign aid, including Canadian Colombo Plan contributions. The basic objective is to ensure a greater rate of increase in national income than in population. Total public and private investment is estimated at almost $3 billion; this assumes a much greater inflow of foreign capital both to the private and public sectors. The Ten Year Plan offers Canadian consultants, exporters and manufacturers excellent prospects to initiate or increase earnings in this market in hydro-electric and irrigation schemes, industrial undertakings, mechanization of fisheries, fertilizer production, professional services, transport equipment, construction, various engineering lines, food packing and port improvement. Although the Plan is comprehensive, it does not set a limit on the range of industrial development.

Concurrent with the Plan, it is hoped to establish a Development Savings Bank, an institution conceived in Ceylon to mobilize investment funds from all classes of society. It would combine these with additional financing to enable the politically important low-income groups to have a direct stake in the development of the private sector. This ingenious device "to promote economic development and social justice in Asian countries within a framework of democracy"

These attractive Ceylonese girls are hard at work harvesting paddy. Ceylon grows rice primarily to feed its own people and also has to import additional supplies.

is called in Ceylon the Loganathan Plan (after its banker-author) and is supported by the International Chamber of Commerce.

Despite somewhat larger earnings from exports, Ceylon's balance-of-payments position deteriorated during 1959 because of a sharp rise in imports. The result was a Rs.122 million fall in foreign assets during the first nine months, bringing the value of external assets as of September 30 down to Rs.761 million. The decline reflects in part increased inventories of imported foodstuffs. Ceylon's international borrowing capacity remains good and at present only a very small percentage of export earnings is employed to service the modest foreign debt.

The deterioration in the business environment in Ceylon following the 1958 race riots and other political disturbances now appears to be halted. With a growing awareness throughout the island of the urgent need for harmony and for the creation of an attractive investment climate, the hope is for an atmosphere that will favour economic development and industrialization. This development should offer greater opportunities for Canadian exporters—opportunities that should be fully and quickly exploited. •

Commodity Notes

Coal

JAPAN—Five Japanese steel mills have announced their decision to import about 55,000 tons of Canadian coal during the first quarter of this year, in addition to the 110,000-ton contract covering 1959—Tokyo.

Cobalt

BELGIAN CONGO—The price of cobalt has dropped lower than at any time since 1949, following the end of U.S. stockpile purchases. The Belgian Congo in 1958 continued to be the largest producer of cobalt in the world with 6,497 metric tons, 48.5 per cent of total world production outside the Soviet Bloc.

Demand began to improve with the ending of the recession and the 12.5 per cent price cut of February 1959. In the first half of 1959, exports of cobalt alloys dropped to 2,043 metric tons, compared with 2,515 in the first half of 1958. Exports of cobalt granules for the half-year rose from 1,935 metric tons in 1958 to 3,431 in 1959—Leopoldville.

Coffee

CUBA—To benefit growers, new regulations have been issued entrusting purchase and export of the 1959-60 coffee crop to the government-owned National Institute of Agrarian Reform (INRA). INRA will pay coffee holders $27.35 per 100 pounds for "natural, extra type" coffee, having less than 12 per cent moisture content, packed, free alongside truck at hulling plant or warehouse, and $46.00 for "washed" coffee. It will henceforth be the sole purchaser of washed coffee.

Production of washed coffee from the coming crop is expected to exceed 12,500 tons. This, added to last year's surplus, will provide a substantial quantity for export—Havana.

Copper

PERU—The first exports of copper bars from the mines at Toquepala in southern Peru are expected to be made this month. The installations at the mine, the smelting plant and the port of Ilo are almost complete. The Southern Peru Copper Co. has already invested U.S.$240 million in the various projects, of which U.S.$115 million was provided by the Export-Import Bank. The mines contain an estimated 1,000 million tons of copper with an ore content of 1.1 per cent—Lima.

Guar

UNITED STATES—A new plant was opened recently in Charleston, South Carolina, by Stein Hall Southern, Inc., to process guar, a gum extracted from seed grain in India and Pakistan. Guar is used in a number of important industries, including paper manufacturing, mining, textile and food processing. The $800,000 plant and warehouse were built as part of the South Carolina Ports Authority's $21 million expansion program and are leased to Stein Hall on a self-amortizing

78441-3—3

basis. Stein Hall also will import a wide range of products, including burlap, latex, tapioca and sago flours, natural gums, tea, potato starches and dextrines —New Orleans.

Iron and Steel

TURKEY—In December, 1959, three U.S. firms—Westinghouse Electrical International, the Blaw Knox Company, and the Koppers Company—signed a letter of intent for construction of a $144 million steel mill at Eregli on the Black Sea coast, near Turkey's largest coalfield. Initial annual output is expected to total about 300,000 tons of iron and steel sheets and some tinplate; this will ultimately be boosted to one million tons.

Italian investors have reportedly agreed with a big Istanbul company to set up an iron and steel works at Edremit on the Marmara coast. The blast furnace would be electrically fired and iron ore would come from established nearby mines. Estimated annual output is 100,000 tons of concrete reinforcing bars and profiles; construction is expected to begin later this year. It is estimated that 1960 output at the state-owned Karabuk plant will total roughly 200,000 tons of rolled products. Expansion—financed by a $14.5 million DLF credit—should up this to 300,000 tons and eventually to 480,000—Athens.

Methanol

AUSTRIA—A new plant to produce methanol, to be constructed east of Vienna at a cost of approximately Can.$1.2 million, is scheduled to be completed by the end of 1960. The methanol is to be derived from natural gas and the plant is intended to make Austria's production of formaldehyde independent of imports—Vienna.

Particle Board

FINLAND—Softwood particle board made by gluing long, flat chips with synthetic resins under heat and pressure is a new product of Jäykkälevy Oy. This porous but rigid board is suitable for supporting and insulating surfaces in buildings.

The company also produces plastic-surfaced particle board to be used for decorative walls, etc., and for concrete shutterings. In the latter, the edges of the board are treated with tar products. In normal use the board retains its shape under all atmospheric conditions—Stockholm.

Power Fishing Boats

INDIA—The Maritime State Governments of India have launched programs for mechanizing local craft and improving the design of fishing boats. During the last five years, new designs for mechanized fishing boats have been developed in the states of Bombay, Mysore, Kerala, Madras, Andhra, Orissa and West Bengal.

At present, about 1,300 powered fishing boats ranging in length from 20 to 40 feet, are in operation. The mechanization has enabled fishermen to fish waters previously inaccessible, to save time going to and from the fishing grounds, and to fish for long hours—Bombay.

Tractors

BRAZIL—The Chairman of the Automobile Industrial Executive Group (GEIA) said recently that the decree creating the National Agricultural Tractor Industrial Plan was ready for President Kubitschek's signature. The plan provides for mass production by a limited number of manufacturers. At first a minimum of 60 per cent by weight of the parts will be made in Brazil; this will be raised to 85 per cent by June 1961. The tractors will be fitted with engines with an initial Brazilian parts content of 60 per cent. Their cost is expected to be lower than that of similar products imported and paid for through the "General Category" exchange market. To facilitate sales, four-year loans will be made available by the Banco do Brasil—Sao Paulo.

Venison

NEW ZEALAND—An increasing trade in deer meat is forecast by a West Coast company which hunts and packs deer for North American and European markets. Present shipments amount to approximately 10,000 pounds per month; plans call for an immediate expansion to 16,000 pounds and exports of 80,000 pounds per month within one year. Six permanent deer hunters operate in areas inaccessible to vehicle traffic but close to aircraft landing strips. The meat is to be flown out to packinghouses on the coast. Deer have become a serious menace to the forests and are regarded as a pest—Wellington.

Wool

NEW ZEALAND—New Zealand's wool production in the year ended March 31, 1959, set an all-time record at 540 million pounds (greasy basis), 9 per cent higher than the preceding year's record of 496 million pounds. This achievement is in line with the steadily increasing amount of wool produced over the past eleven years —from 362 million pounds in 1948 to the present 540 million, an increase of 33 per cent.

The over-all average price per pound of greasy wool sold at auction during the past year was 36.07 pence, a decrease of over 5 pence from the previous year and the lowest price in ten years. Despite the higher production, the crop had a value of only £81 million against £85 million the previous year and £112 million in 1956-57. The sheep population of New Zealand has increased from 32.5 million in 1948-49 to 46 million last year—Wellington.

These top London models gave added attraction to the Canadian-made dresses they paraded before a standing-room-only audience at the Washington Hotel in December.

Montreal Invades the London Market

A group of Montreal dress manufacturers lost no time in cultivating British merchandisers when U.K. barriers to imports were removed late last fall. Their initiative paid off in immediate sales.

H. H. STEIN, *Executive Director, Montreal Dress and Sportswear Manufacturers Guild, As told to O. Mary Hill.*

HOW long does it take to make sales in a market long closed to Canadian products when once again the doors swing open? "Twenty-three days," says H. H. Stein, executive director of the Montreal Dress and Sportswear Manufacturers Guild. Guild members can produce orders from British buyers worth more than $200,000 to prove it.

On November 9, 1959, the United Kingdom Government removed import restrictions on a variety of products from the dollar countries, including most textiles and clothing. On December 2, twenty-three days later, eight Canadian firms played host at a showing of Montreal-made dresses, blouses, skirts, slacks, separates, co-ordinates and maternity wear at the Washington Hotel in London's Curzon Street. The result: a trip that was undertaken largely to explore the market and study the changes that two decades had wrought became a sales success.

Preparing in Haste

Hard on the heels of the announcement of the U.K. relaxation, the Guild called a meeting of its members. Representatives of 35 firms turned up to discuss a possible descent upon Britain before the spring-and-summer buying season ended. The obstacles loomed large. Few of the manufacturers felt that they could prepare lines for showing abroad at such short notice. Transportation, accommodation, publicity, models, a co-ordinator and commentator for the show—all these would have to be secured without delay. But under Guild sponsorship, eight of the members decided to chance it. While their workrooms rushed the making-up of the chosen garments, the Guild officers sought the advice and help of the Department of Trade and Commerce in Ottawa and of the Commercial Division of Canada House in London. In Montreal a press release and a mimeographed letter inviting London buyers to a fashion presentation on December

78441-3—3½

2 were prepared and sent off to Canada House, which was busy drawing up an invitation list. Dispatching of the clothes by air freight was arranged for November 27; Canada House advised the forwarding agents and the U.K. Customs office at London Airport of the need for haste in clearing the shipment. Eight display rooms and a salon for the showing were reserved at the Washington Hotel.

The Canadian delegation, still slightly breathless, arrived in London by air on the morning of November 27. By this time, the wheels were turning fast. Finding a commentator had proved simple. By chance the Guild had discovered that Elizabeth Hughes, a Montrealer with experience in fashion writing and fashion shows, was free-lancing in London. Over the transatlantic telephone, she had agreed to engage eight models and to act both as co-ordinator and commentator for the show. Canada House had sent out the letter of invitation to about 100 buyers and representatives of the press, radio and T.V.—there was no time for printing more elegant invitation cards. (Later the Canadians and the models added names to the invitation list.) The press release was distributed. The management of the hotel was persuaded to provide a larger room for the presentation; the manufacturers took possession of the display rooms and in the next day or two set up on racks (the British, they discovered, call them "rails" and this created some confusion at first) the approximately 1,000 garments that they had shipped over.

Wooing the Trade

At this point the most pressing problem was to persuade the British retail trade to come, see and buy. The season for viewing and ordering spring and summer lines was nearly over and most of the buyers, merchandise managers and jobbers had spent their allocations. They knew little about Canada's garment industry and what it could produce. Back in the 1930's the Canadians did a $5½ million business in foreign markets and the United Kingdom was a leading customer. Under the U.K. Token Import Plan instituted after the war when dollars were scarce, the quota for the entire Canadian industry, including outerwear and lingerie, was a mere $105,000 a year. Under these circumstances, few Canadian firms found it worthwhile to cater to the British market.

H. H. Stein, executive director of the Guild, which organized and presented the fashion show, talks with a buyer from Harvey Nichols, a leading London store.

In their three days in London before the showing, the eight firms combined promotion with fact-finding. They split up into ones and twos and went calling on important buyers and merchandise managers. In half-hour interviews they extended personal invitations to the showing and also discussed the requirements and preferences of the British customer. They emerged with useful information on buying seasons, on sizes, on tastes, and on the reaction to imports from the United States, their main competitor. They found that sizing was not the bugbear they had expected: although the British sell dresses by hip measurements, the trade was willing to accept North American sizing. They found that half-sizes and maternity wear were not emphasized by British manufacturers and that opportunities in these lines were promising.

The Show Is On

When the day of the fashion presentation arrived, most of the difficulties had been resolved, thanks to patience and ingenuity. One example was the runway for the models: it was made of the huge wooden blocks on which bakers knead bread, with beer kegs underneath to raise it to the proper height and covered with rugs and trimmed with fancy paper to disguise its plebeian origin. The time factor had dictated what type of clothes to present—not haute couture, but lower-priced garments retailing at from $6.95 to $13.95. Only this type could be made up quickly enough to meet the deadline for shipment.

Following North American custom, the Guild intended to serve cocktails to its guests at 11.30 a.m. and to put on the show about 45 minutes later. But by 11.15 the room was packed and the audience demanded the show first and the "pause that refreshes" later. The models, after a mad scramble, were ready at 11.45 and the 48 different numbers (six to each model), were smoothly displayed.

The Canadians had the impression that the buyers, to begin with, were distinctly blasé. But as the showing proceeded, they warmed up. Just as soon as the last model left the runway the manufacturers were bombarded with questions. Soon a queue was forming outside the display rooms upstairs to see the rest of the collection then and there, or to make appointments. Brisk selling marked the next few days; most of the Canadians intended to leave for home on December 5, but they stayed almost a week longer. When the orders were tallied, the Montrealers found that they had sold about 40,000 garments, even though the buyers had to ask for additional funds to purchase them. And as word of their

presence—and of their presentation—spread among the trade, orders and inquiries began to come in from various provincial centres. Terms of sale were net ten days, Canadian funds, f.o.b. Montreal, shipment by air.

How British Reacted

What did the British like best about the clothes? One thing, says Mr. Stein, was the fabrics used and especially the "miracle" fibres, such as the drip-dry cottons. (Cottons, man-made fibres, woollens and blends were all included.) They liked the novel designs and the novel styling. The consensus was that the merchandise had both freshness and originality, plus a quality and finish unusual at the price. One trade journal remarked particularly on the dark-toned cotton sheaths. Mr. Stein comments that the British manufacturers, protected for many years from competition in the domestic market, have lacked incentive to introduce new fabric designs and to smarten up their styling. The British shopper, especially in the middle and low income groups, has begun to want something imported and "different". This worked in the Canadians' favour.

Not only United Kingdom buyers were represented at the show. A visitor from Amsterdam attended and bought some of the clothes, although her shop does not normally handle low-priced lines. A buyer from the Unilever chain of stores in West Africa arrived; so did two retailers from Wales. The latter were so happy with what they saw that they offered to pay for their orders before they were even shipped. An import house was so impressed with this introduction to the Canadian garment industry that one of its representatives left almost immediately for Montreal to do some prospecting on his own. He concluded two agency agreements there and is now busy showing a sample range in various British cities. He is pleased with the results.

The response to its "crash program" far exceeded the Guild's hopes. The eight manufacturers went over to reconnoitre the market but they appreciated the orders that they brought back. These will be delivered by March 15 and not until spring selling gets well under way will the Canadians learn the verdict of the British shopper. But already they are planning a larger promotion, possibly in May, not only in London but also in centres such as Liverpool, Manchester, and Leeds. With more time to prepare, they will be able to include low, popular and medium-priced lines. Those who pioneered in November all want to go again and they expect to be joined by many of their 220 fellow Guild members. At the moment, future plans are still in the making.

Beating the Competition

Mr. Stein and his companions on this trip have no illusions that it will be easy to achieve sales of, say, about \$2 million to \$3 million a year, the Guild's tentative goal. One hurdle is the customs tariff. Canadian garments made entirely of woven cotton or woven woollen fabric (the U.K. Customs interprets the word "entirely" very strictly) enter the United Kingdom free of duty; dresses and garments of synthetic fibres pay a duty of 27½ to 30 per cent, and those of pure silk, 30 per cent. The Guild naturally looks for the stiffest competition from United States manufacturers. In dresses or sportswear of cotton or wool, the tariff works against the U.S. manufacturers, who must pay a duty of from 17½ to 25 per cent on cottons and 20 to 25 per cent, roughly, on woollens. In silks and synthetics, the Canadians and the Americans both pay duty and at the same rates. However, the Guild members received the impression that the British like to place orders in Canada if they can get the same style and finish as the Americans offer. It keeps business within the Commonwealth.

Mr. Stein and those who accompanied him on this trip came home well satisfied with their initial foray into the British market. As Mr. Stein put it, "There seems no doubt at all that we can compete favourably for the market in the U.K. The manufacturers who participated in this first mission will be augmented by others at a later date, and the Montreal industry will continue to make a determined bid to develop a profitable export trade between Canada and the U.K. It is our belief, as evidenced by the orders obtained, that we have an excellent opportunity to compete with American and West European producers. Realizing the value of our merchandise, the up-to-date styling and superior workmanship, we are confident that we can obtain a major share of this export market."

Help for the Business Traveller

The businessman travelling abroad will often find that Canadian Trade Commissioners can do much to make his trip pleasant and profitable—provided that they have advance notice of the date of the visitor's arrival, his main interests, and his itinerary. Too often Canadian businessmen fail to take advantage of a Trade Commissioner's help by dropping in on him without warning.

If you are travelling abroad on business and think the Trade Commissioner might assist you, you should give early notice of your trip to the Trade Commissioner Service of the Department of Trade and Commerce in Ottawa. Give the Service your itinerary and say whether you would like the Trade Commissioners in the countries you will visit to collect information in advance of your arrival, to arrange appointments, or to assist in other ways. If you prefer, you may write directly to these officers at their posts asking for their co-operation. If you are planning to initiate new business, it may be helpful to forward samples and descriptions of your products so that the Trade Commissioner will have a chance to make a market survey beforehand.

Advertising Abroad

In South Africa, advertisers must take careful note of the country's racial groups and fit text and illustration to the group they want to influence.

L. J. TAYLOR, *Assistant Trade Commissioner, Johannesburg.*

THE most important advertising medium in South Africa, with its population of 12 million Africans and three million Europeans, is the English-language newspaper. There are eight English morning papers and seven evening ones. These, with the three weekend papers, absorb over 50 per cent of South Africa's expenditures on advertising in the press. The English dailies have a large circulation among Afrikaans-speaking people who number about one-third of Johannesburg's evening-newspaper readers. There are two morning, two evening, and two weekend papers in Afrikaans, and though the advertising lineage per edition is comparable to the English papers, the Afrikaans group accounts for only 11 per cent of press advertising expenditure.*

South African newspapers are quite similar to Canadian. The type of ads they carry include prestige advertising of national and international brand-name products, with or without local dealer riders; informative advertising by retail stores, chiefly large department, chain and furniture stores; and small fillers.

In the smaller cities and towns a large number of twice weekly, thrice weekly, and weekly newspapers are published. Many of these are bilingual and a few are specifically for non-Europeans or for one ethnic group. Only a small percentage of advertising is placed in this section of the press.

Magazines

Periodicals and magazines are not as important as advertising vehicles in South Africa as in Canada; they receive only 15 per cent of the Union's annual expenditures on press advertisements. There are a number of women's magazines in Afrikaans, but there are only two South African magazines of any importance in English; these are printed on low-grade paper and so far take little account of the growing taste for colour advertising. The South African edition of the *Reader's Digest* has the largest circulation of any magazine in the Union. United Kingdom and United States periodicals have limited sales and are about equally popular. For the African, there are four "glossy" monthlies, two of which are in the major Bantu languages.

Considering the small white population, South Africa has a large number of well-produced trade publications that cover almost ever[y] section of industrial and commercia[l] activity. Most of them have a goo[d] deal of advertising lineage and ac-count for 10 per cent of the tota[l] expenditure for press advertising. They are a useful way of reaching the buyer of industrial and specialized equipment. Several trade directories, year-books and buyers' guides are also published every year. These too are of a high standard and devote much space to advertisements.

Radio

The South African Broadcasting Corporation (commonly known as the SABC and similar to the CBC) has a bilingual commercial service called Springbok Radio. The cumulative number of listeners per week is 1.4 million and Springbok Radio reaches 90 per cent of the Union's European population. The SABC also has a non-commercial service in Afrikaans and one in English. In nearby Portuguese East Africa, Lourenço Marques Radio reaches 250,000 South Africans, mainly in the rural areas, with its one medium-wave and three short-wave transmitters. Both commercial stations offer time for sponsored programs and spot advertisements.

About $3 million a year is spent on radio advertising—27 per cent for advertising medicinal and dental products, 25 per cent for food, drink and tobacco, and 20 per cent for toilet products. Sponsored programs account for 55 per cent and spot announcements for 45 per cent of radio advertising expenditure. Legislation limits to a maximum of 10 per cent the amount of air time

---

*The writer is indebted for information in this article to four South African advertising agencies: Intam South Africa (Pty) Limited, J. Walter Thompson, Grant Advertising (Pty) Limited, and Van Zijl & Schultze Forsyth & Tredoux (Pty) Limited. The first three are affiliated with Canadian companies.

available for advertising on Springbok Radio.

Radio advertising is considered effective in South Africa and air time on both commercial services is usually fully booked. Seven firms offer the advertiser production services for commercial announcements and sponsored programs. The technique, format, and presentation of these programs are remarkably similar to those in North America.

Films

Television is still eagerly awaited by South African businessmen and to some extent film advertising in movie houses is a substitute. Movies here are not continuous; slides are shown for 15 minutes before the trailers, and after the trailers, slides and filmlets for another five or ten minutes before the feature. Nearly 40 per cent of the adult population goes to the movies at least once a week; they are therefore considered one of the best advertising media.

The conception and production of filmlets and slides are of a high standard; some large firms, for example, have sophisticated cinemascope films that run up to two minutes. Costs of production are low compared with other countries. Three big companies produce filmlets and contract for space in the 400-odd movie houses in the Union, as well as in other Southern and East African territories.

Billboards, Public Transport

Billboards, in 16, 32 and 48-sheet sizes, are used for advertising in non-European settlements and on the highways. Traffic on most South African roads is light by North American standards. Recreational motoring on weekends is not as popular as in Canada, especially in southern Transvaal which is the most densely populated area in the Union; hence there are few billboards or posters on the open highway.

Legislation closely controls the putting up of signs of any type; neon and other illuminated signs must be approved by municipal authorities. Most shops advertise by suspending signs from sidewalk arcades that protect shoppers from sporadic heavy cloudbursts during the South African summer.

Display placards inside buses and streetcars are not as plentiful as in Canada, though their use varies in different parts of the Union. Outside panels are used more frequently but advertising on public transport services is not considered effective. Except at rush hours, bus service, even in the biggest cities, is infrequent, and the low volume of passengers discourages placard advertising. Placing signs on taxis is not permitted.

Direct Mail Promotion

Advertising agencies disagree on the amount of direct-mail promotion done in South Africa and on its effectiveness. Some firms maintain that direct mail is the best way to sell industrial equipment, but others favour a campaign in the trade press. It is undoubtedly used less often than in Canada to introduce consumer goods. Large department stores sometimes advertise sales by distributing broadsheets from door to door or on street corners. Catalogues, calendars, etc., are widely distributed.

Point of Sale

The originality and quality of point-of-sale techniques vary according to the size and calibre of each store. As in other aspects of South African life, these techniques are a mixture of North American, British and local practices. In the department stores, window displays are more straightforward and the space more intensively used than in Canada, though one large department-store chain is now developing what Canadians would probably consider effective display tech-

These are typical advertisements that have appeared in South African magazines circulating largely among non-Europeans. Magazines are, however, far less important than newspapers among advertising media in that country.

niques. In the smaller stores displays are similar to Canadian ones. A South African shop is generally more specialized and therefore uses fewer visual devices within the store to attract the attention of the casual shopper. Premium stamps and coupons are forbidden by law.

Agencies Important

South Africa has over 30 advertising agencies. Most of them offer a full range of services—idea origination, copywriting, illustrations and layout, campaign planning, choice of medium, and purchase of space. These agencies are responsible for 70 per cent of the $50 million spent annually on advertising. They sometimes receive their commission from the periodicals, etc., in which the advertisement is placed; in other types of promotion work—such as the direct mail campaign, product and packaging design, market research, public relations, etc.—they receive a fee from the client. There are two firms here specializing in market research and surveys, and a few that supply mailing lists.

South Africa is a complex country with three distinct racial groups other than the European—African, Coloured (mixed blood) and Indian. Each has a multitude of taboos, tastes, customs and prejudices which must be considered. Attention must also be paid to the Afrikaaners; advertisements in Afrikaans must never be mere translations from English. Copy and illustrations must be conceived with the specific likes and dislikes of these consumers in mind. Although in general, advertisements are similar to those in the United Kingdom and North America, the subtle touches which make them distinctively South African should be incorporated. It is therefore advisable that the Canadian exporter considering advertising in South Africa engage a local agency whose firsthand knowledge of the market will enable it to put across the story with the best possible effect.

Tours of Territory

D. S. ARMSTRONG, Commercial Counsellor in Cairo, Egypt, will visit Jeddah in Saudi Arabia and Khartoum in the Sudan from February 19-28.

M. P. CARSON, Trade Commissioner in Singapore, will visit Rangoon, Burma, from February 15-23.

C. T. CHARLAND, Assistant Commercial Secretary in Paris, France, will visit Marseilles, Toulouse, Pau, Bayonne and Bordeaux from February 15-24.

N. L. CURRIE, Assistant Commercial Secretary in Bogotá, Colombia, will begin a visit to Ecuador on February 13, stopping en route at the Colombian towns of Cali, Popayan and Pasto.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Turkey from February 16-26.

P. A. FREYSENG, Assistant Commercial Secretary in Vienna, Austria, will visit Zagreb and Belgrade, Yugoslavia, from February 10-17.

R. V. N. GORDON, Consul and Trade Commissioner in Detroit, will visit Cincinnati from February 22-24, Dayton, February 25 and 26, and Cleveland, March 14 and 15.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit Atlanta, Georgia, and Montgomery, Alabama, from February 22-27.

J. B. McLAREN, Assistant Commercial Secretary in Karachi, Pakistan, will visit West Pakistan from February 8-March 4.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Czechoslovakia from March 14-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Armstrong at Cairo, Mr. Carson at Singapore, Mr. Charland at Paris, Mr. Currie at Bogotá, Mr. Dyke at Athens, Mr. Freyseng and Mr. Thomson at Vienna, Mr. Gordon at Detroit, Mr. Harris at New Orleans, Mr. McLaren at Karachi.

Canada's Trade-Fair Program 1960-1961

GEORGE HAZEN, *Trade Fairs Abroad Office*.

IN 1960, as in other years, the Department of Trade and Commerce is participating in a number of general and specialized trade fairs to give Canadian exporters an opportunity to display their goods in other countries. A feature of the 1960-61 trade-fair program is cost-sharing—an arrangement that allows participating firms to share with Ottawa the cost of exhibiting in some fairs. Although the Department will continue to be responsible for co-ordination, construction and over-all administration of the exhibits, participating firms will pay a flat fee to be applied against administrative expenses.

This scheme will undoubtedly appeal to many export-minded businessmen. First, it ensures that all participants are seriously interested in investigating and penetrating foreign markets. Second, with a price-tag attached to participation, each firm will make an effort to assess thoroughly the trade potential in the market, will swing all its weight behind the exhibit, and will undertake the necessary follow-up of trade inquiries.

Trend to Specialized Shows

The number of vertical trade fairs (those that feature only one product or group of products) in which the Department sponsors exhibits is increasing, and the number of horizontal or general trade fairs declining. Although this is particularly true of the Department's trade-fair program in the United States, it also applies to its interest in shows in Europe. The specialized fair is aimed at persons specifically interested in the type of goods being shown. The general one, on the other hand, is useful for making consumers acquainted with products, for testing markets in which it may be possible to sell a wide variety of goods, and for exhibiting in countries where the potential volume of sales is limited.

Advantages of Samples Display

In its search for new trade-promotion tools, the Department is currently examining a technique used successfully by travelling salesmen for many years—the samples display. Under this plan, the Trade Commissioner abroad invites selected potential buyers to view a specialized display of products, thus providing an opportunity not only to promote sales but also to test the market and obtain information for the Canadian manufacturer. There are certain economies in this type of operation: expensive props are unnecessary, unpretentious premises can be used, and the display can easily be staged in various cities in one country—even, in fact, in several countries. Samples displays may be organized in any part of the world in which Canadian firms have expressed sufficient interest.

Although the Department's Commodity Officers inform as many firms as possible about the trade-fair program, they cannot cover all of them. Exporters who feel that there is a market abroad for their products and that it would be useful to exhibit them in a trade display should write at once to the Department of Trade and Commerce, Ottawa.

Program for 1960

The following is a list of the general and specialized trade fairs in which the Department is participating in 1960.

National Association of Home Builders' Convention
Chicago, Illinois, January 17-21

An exhibit of Canadian wood products for home building and industry. End products will illustrate the use of primary materials. An institutional-type exhibit.

National Sporting Goods Association Convention
Chicago, Illinois, January 31-February 4

Sporting goods and sportswear for the United States market. All exhibitors must become members of the Association.

Daily Mail Ideal Home Exhibition
London, England, March 1-26

A display of consumer goods and food products, particularly those already handled by British agents, to follow up recent relaxations in United Kingdom import restrictions. The Department is also co-operating with the British Columbia Lumber Manufacturers' Association in building a "trend" house.

Fur Industries Salon

Paris, France, April 21-26

A display of raw and dressed fur pelts and finished fur garments. Organized by the French fur industry, the Salon will be attended chiefly by members of the fur trade.

Union Expo

Johannesburg, South Africa, April 4-23

A semi-specialized display of engineering products and services, and forest products. Special attraction: a display of fur pelts and garments. "Union Expo" is the name adopted for the Rand Easter Show for 1960 only, in recognition of the 50th anniversary of the Union of South Africa.

Atomic Exposition and Nuclear Congress

New York, N.Y., April 4-7

An exhibit to advertise and sell Canada's technical knowhow in the nuclear energy field, both research and commercial.

American Society of Tool Engineers Show

Detroit, Michigan, April 21-28

An exhibit of Canadian machine tools and processes aimed at United States industrial needs.

Commonwealth and European Food Festival

London, England, April 25-May 7

Canadian food products for the British market.

Frankfurt Fur Fair

Frankfurt-am-Main, West Germany, April 28-May 1

A specialized exhibit of raw and dressed fur pelts and fur garments.

National Bakers' Show

Amsterdam, the Netherlands, May 10-19

An exhibit in co-operation with the Canadian Wheat Board and the Board of Grain Commissioners to demonstrate Canada as a supplier of top-quality wheat.

Design Engineering Show

New York, N.Y., May 23-26

Manufacturing and processing equipment, components for machinery, most of them unique and of original Canadian design.

Building Trades Exhibition

Cardiff, Wales, June

Canadian building products and related commodities.

International Specialty Food and Confection Show

Chicago, Illinois, July 31-Aug. 3

Specialty Canadian foodstuffs.

British Food Fair

London, England, September 1-17

Canadian foodstuffs for the British market, both traditional and new.

Building Trades Exhibition

Manchester, England, October 11-22

Canadian building products and related commodities.

National Metal Congress and Exposition

Philadelphia, Pennsylvania, October 17-21

A specialized display of Canadian machine tools and materials used in the metal industries.

Tentative Proposals

The Department may possibly participate in the following fairs in the first half of 1961:

National Association of Home Builders' Convention, Chicago, Illinois, January

National Sporting Goods Association Convention, Chicago, Illinois, January

Rand Easter Show, Johannesburg, South Africa, March

Fur Salon Displays and Fashion Shows, various European cities, March

American Society of Tool Engineers Show, United States (city unknown), April

AtomFair, United States (city unknown), April

Frankfurt Fur Fair, Frankfurt-am-Main, West Germany, April

German Industries Fair, Hanover, West Germany, April

Tokyo International Trade Fair, Tokyo, Japan, April

Design Engineering Show, United States (city unknown), May

Building Trades Exhibition, Leeds, England, June ●

Paints and Varnishes

The Market in Switzerland

Swiss imports of paints and varnishes are rising every year, boosted partly by low tariffs on these products. Canadians might increase their share of this market if they can meet stiff competition from U.S. and European suppliers.

J. H. NELSON, *Assistant Commercial Secretary, Berne.*

THE Swiss market for paints and varnishes is highly competitive. The industry is well developed and produces a wide range of quality finishes. Bordering countries, particularly West Germany, which also have advanced paint and varnish industries, supply a large part of Swiss imports. In addition, Switzerland's central geographical position in Europe makes it a relatively small but important market for other West European countries, notably the Netherlands and Britain. The only major non-European supplier is the United States.

Domestic Production

There are about 100 paint and varnish manufacturing companies in Switzerland, with an annual combined production of slightly less than 30,000 metric tons. In 1957 production totalled 28,500 metric tons, but it declined by 2 per cent to 27,900 in 1958. The drop was caused mainly by a sharp reduction in the building industry and a lessened demand from building and paint firms, as well as from the woodworking trades and industries. The decline was offset to some degree by increased demand for vehicle finishes from official organizations and the wholesale and retail trade.

The outlook for this year is for a possible small increase in paint and varnish sales to the woodworking and building industries. Demand from the metalworking industry will probably fall off, because of a weakness in this market that began to develop towards the end of 1958. Sales of vehicle finishes should continue to expand.

During 1958 the Swiss paint and varnish industry was able to purchase raw materials at stable prices. Labour costs rose, however, partly as a result of a general shortening of working hours, thus increasing the cost of Swiss-made products.

Research has been intensified over the last few years and most manufacturers have extended and improved their laboratories. To provide its members with additional assistance, the Association of Swiss Manufacturers of Paints and Varnishes recently became a full member of the Stuttgart Research Institute for Pigments and Varnishes. Research has been made necessary by keener competition not only within the Swiss industry but also from imports.

Imports Are Climbing

Imports of paints and varnishes have climbed between 1954 and 1958, as shown in the following table. Canada has shipped only insignificant amounts to Switzerland in recent years.

SWISS IMPORTS OF PAINTS AND VARNISHES

	(metric tons)	(Swiss francs)
1954	1,432.0	7,865,240
1955	1,866.0	8,966,672
1956	2,103.4	10,141,518
1957	2,239.2	10,745,186
1958	2,396.1	11,417,216

Information on the specific types of paints and varnishes imported is not available, though it is believed that almost 50 per cent are automotive finishes. This is because the automotive industry in Switzerland is relatively small and there is insufficient incentive for the local industry to produce the large variety of finishes required. If this situation continues, Switzerland will be importing more paints and varnishes each year.

PRINCIPAL SUPPLIERS OF PAINTS AND VARNISHES

	1954		1958	
	(metric tons)	(Swiss francs)	(metric tons)	(Swiss francs)
West Germany	397.2	1,840,226	911.3	4,356,475
France	50.8	242,849	134.0	630,955
Netherlands	134.3	690,521	207.0	1,094,034
United Kingdom	93.8	512,277	61.9	382,246
United States	789.7	4,234,452	972.4	4,568,805

One of the principal reasons for increased imports is the low Swiss tariff on these products. The rate of duty on lacquers, varnishes, etc., is Sfr.40 per 100 kilograms (the Swiss tariff is a specific one and is based on gross weight). The rate of duty for paint in containers weighing less than 10 kilograms is Sfr.40 per 100 kilograms, and in containers of more than 10 kilograms Sfr.30 per 100. It is expected that a new customs tariff will be introduced early in 1960, and though all of the rates will probably be raised slightly, Switzerland will still have a very low tariff on these products.

Selling Problems

Canadian exporters who want to compete successfully in this market must remember first, that it is both quality and price conscious, and second, that European and United States exporters are well established. The metric system of weights and measures is used and, if possible, containers should be in metric sizes. U.S. fluid measure may be acceptable because the U.S. quart is very close to the litre in capacity. Switzerland is a trilingual country and it is preferable to use all three official languages (German, French and Italian) on containers and in sales literature. If this is not possible, at least two of the languages, preferably French and German, should be used.

Exporters to Switzerland sometimes overcome the language problem by having an agreement to ship their products in bulk to a Swiss agent, who in turn packs them in metric containers with trilingual labels. Another advantage of this technique is that import duties are reduced because of the lower gross weight of bulk shipments compared with shipments in the usual containers.

Further information on Swiss imports of these products may be obtained from the Commercial Counsellor for Canada, Canadian Embassy, Berne. ●

Market in the Netherlands

The Dutch industry, the world's third largest paint exporter, is tending to greater specialization and more integration. Canadian manufacturers should look to special products as their best hope in this fiercely competitive market.

B. HORTH, *Assistant Commercial Secretary, The Hague.*

THE Netherlands has 160 paint, varnish and lacquer manufacturers, plus about 60 firms producing paint products solely for use in their own operations. The industry is an old one and probably began as a spare-time handicraft activity. It has expanded rapidly since the war: production in 1938 totalled only 45,000 metric tons; in 1948, it was 69,000 tons, and in 1958 it reached an all-time high of 97,500 tons, worth more than $50 million. Nevertheless, production has not risen as quickly as in certain other European countries nor as in other sectors of Dutch industry. For example, between 1950 and 1957 Netherlands paint production rose by 37 per cent, but production in the chemical industry as a whole increased by 42 per cent.

Per capita consumption of paint is somewhat lower in the Netherlands than in several other European countries—in 1957 it totalled 16.3 pounds per resident, compared with 16.7 in Belgium and 18.5 in West Germany and France.

Production and Trade

All types of paints are made in the Netherlands, from the simplest wall paints to the most advanced synthetic industrial lacquers. Imports are mainly restricted to specialties such as baking enamels, leather finishes, automobile lacquers, and other lacquers for electro-technical applications and for use in the packaging and container industry. The United States, West Germany, Britain and Belgium-Luxembourg are by far the most important sources. Imports in 1958 totalled about 4,500 tons, worth nearly $3 million.

Exports go to more than 100 countries but principally to Western Europe. In 1958 they amounted to 13,090 tons worth well over $8 million. This was a new all-time high and a 4 per cent improvement in value over 1957. In 1958 the EEC countries took 41.5 per cent of Dutch paint exports as against only 22 per cent in 1952; another 10 per cent went to other OEEC countries. Belgium was the best single market, taking about 20 per cent of exports. All types are exported, but the three principal categories are paints for home decoration, industrial finishes and marine paints. Holland is, in fact, the world's third largest paint exporter and sells abroad a greater percentage of her production than any other country.

Increased Investment

At the beginning of 1959, the paint-manufacturing sector of the industry employed 5,964 persons of whom 2,828 were factory workers. Annual production per factory worker was almost 36 tons in 1958, down from more than 40 tons per factory worker in 1950. This reflects in part the trend towards greater specialization within the industry. Investment in new plant and equipment rose from 2½ million guilders in 1953 to 9½ million in 1956 but dropped off to 8 million in 1958 as a result of government restrictions on spending. Industry spokesmen believe that still larger investment will be required if the Dutch paint industry is to thrive under the new trading arrangements

now being established in Western Europe. The present trend towards integration, evidenced by various mergers and paint research programs, is expected to accelerate. In 1958, more than one-third of total sales were made by firms with annual sales of over $1¼ million and more than 80 per cent by firms whose annual sales exceeded $250,000.

Research and Sales Development

To maintain the health and strength of their industry, Netherlands paint producers have organized a unique association. Its 145 members include nearly all Dutch paint producers; a sub-group represents the majority of exporting firms and performs such valuable functions as the carrying out of joint market surveys, the collection and refunding of turnover taxes and import duties for members entitled to repayment, the establishment of minimum export prices for various markets, and the supervision of quality controls on export shipments. Working closely with the T.N.O. (the Netherlands equivalent of the National Research Council), this group tests about two hundred export samples a year and actually has the power to levy fines on transgressing members. Another sub-group, the Paint Research Association, carries out a joint research and educational program aimed at raising the technical and scientific level of the Dutch paint industry.

Level of Protection

Canadian firms wishing to export paints and varnishes to the Netherlands will have to take into account a fairly high tariff ranging from 12 to 18 per cent for prepared finishes. In addition, the turnover tax on the duty-paid value ranges from 5 to 10 per cent. (The turnover tax, of course, also applies to domestic paint production.) Import licences are no longer required and there is no discrimination against dollar suppliers. However, the first 10 per cent tariff reduction between the EEC countries, which took place on January 1, 1959, may place the German paint industry in a more preferred position. A second 10 per cent reduction is scheduled for July 1, 1960. It is worth noting that such leading American producers as Du Pont and Sherwin-Williams, which have been exporting successfully to the Netherlands, are now setting up branch plants in other parts of Europe.

Netherlands producers ship their paint products in 1, 5, 10, 15, 25 and 50-litre cans. Imports from Germany are packed in containers of similar size; those from the United States come mostly in one and five American gallon cans. There is only a small difference between the litre and the American quart and potential Canadian exporters are therefore advised to ship their products to this market in American-size containers rather than Imperial gallon cans.

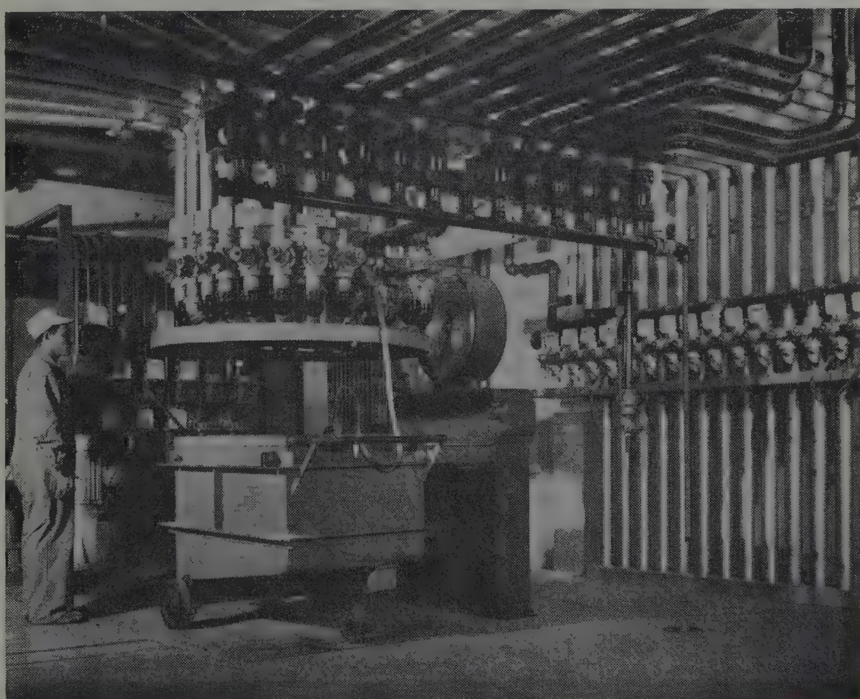
Stocks and Prices

Importers representing American and British firms have to hold fairly large stocks on hand because shipments are normally received at least one month after ordering. Those representing German firms need only hold small stocks because they are able to take delivery at factory with their own trucks as orders are received. Normal payment terms are 30 days cash, with discount of about 2 per cent on payments made within 15 days. U.S. and German suppliers provide their agents with literature in Dutch. Literature supplied in English must be translated by the importer if it is to be of much use, except for highly technical literature which may be acceptable in English because most technical personnel in the Netherlands read and write English well.

Canadian Export Opportunities

Because of the highly developed Netherlands paint industry, the opportunities for Canadian exporters appear to be in specialties that are already being imported from countries such as the United States and West Germany. It should be pointed

In this Canadian paint plant, an operator draws resin off storage tanks to be used in the making of synthetic resin-based paints. Among these are polyester lacquers.



out that the foreign firms succeeding in this field are those prepared and able to retain technical advisory staff in the Netherlands. Apart from this, there may be chances for Canadian shippers of base materials such as zinc, lead, iron and titanium oxides, lithopone, solvents (butyl acetate and ethyl acetate) and wood resins. Here again, although demand is good, the competition is fierce. ●

Detailed information on Netherlands tariffs and imports and exports of paints may be obtained by writing to the Chemicals Division, Department of Trade and Commerce, Ottawa.

The Market in Austria

Imports of paints and varnishes total less than $1 million a year; come mainly from West Germany. Canadian selling opportunities lie mainly in high-quality products with special features.

P. A. FREYSENG, *Assistant Commercial Secretary, Vienna.*

AUSTRIA, a small, landlocked country of seven million people in the heart of central Europe, has a well-developed and diversified paint and varnish industry. This limits the prospects for Canadian paint and varnish exports to this area.

Austria's paint manufacturing is based on its growing petroleum industry that supplies tar colours (including aniline) and many oil and plastic binders, and on local production of pigments from iron, chrome, and zinc oxide found in the provinces of Styria and Carinthia. Concentrated on the central distribution point of Vienna, the industry has been able to build up export markets in Eastern Europe and the U.S.S.R. This, plus the fact that paint manufacturers have received small but important amounts of foreign capital (particularly from the United States), goes far to explain the wide range of industrial and commercial products that they make. Capacity has grown sixfold since 1914 to the point where it probably meets or even goes beyond domestic needs.

Statistical information on the paint and varnish industry is meagre and only covers Austrian exports and imports of varnishes, commercial paints, retailers' dyes, and artists' paints for the first half of 1959. Nevertheless it is significant that exports of these products for the first six months of last year, at 397.9 metric tons, almost matched the 398.3 metric tons imported during the same period.

What Industry Produces

The industry's range of products is wide. It produces oil paints and varnishes for wooden and metal surfaces in or out-of-doors, and many kinds of synthetic resin paints for use on wood, glass, and metal surfaces, including zinc, aluminum, tin, chrome, and copper. Many of these resin paints are resistant to rust, weather changes, heat, oil, gasoline, fats, acids and dyes. They are used as marine paints for freshwater ships on the Danube, for indoor and outdoor machinery, for railway engines and cars, and for bridges. Synthetic resins also form the base for baking paints and varnishes and infrared light drying varnishes. Nitrocellulose paints and varnishes are made here for car lacquering and leather painting. The industry also offers dispersion paints with polyvinyl chloride and polyvinyl acetate bases for use principally in the construction industry on wood, brick, plaster and cement surfaces. In the field of specialty paints and mixtures, electric-wire and electric-insulation paints with a mixed oil-and-resin base are manufactured, as well as special-effect lacquers with shrivel, grain and hammered effect surfaces.

Germany Biggest Supplier

As the accompanying tables show, Austrian imports of all types of fully finished paints and varnishes during the first half of 1959 totalled 398.3 metric tons valued at about $450,000. Estimated on this basis, imports for the full year may reach 800 metric tons worth some $917,000.

Varnishes made up nearly 75 per cent by value of Austrian imports of paints and varnishes in the first six months of 1959. This proportion includes cellulose varnishes, which by themselves accounted for 12.5 per cent of the total. Some 20.5 per cent of imports were commercial paints, including oil, nitrocellulose, resin, plastic dispersion, asphalt, and water paints. Artists' paints and dyes sold by retailers for a number of purposes (including furniture staining) made up the remainder.

Most Austrian imports come from neighbouring West Germany. By value, some 72 per cent of the imports of cellulose varnishes, 75 per cent of the imports of other varnishes, 54 per cent of the imports of commercial paints, and 70 per cent of the imports of artists' paints come from that country. Among the other suppliers, the United States is the source of 25 per cent of all cellulose varnishes

AUSTRIAN IMPORTS OF ALL PAINTS AND VARNISHES

January-June 1959

	(100 kilos)[1]	(1,000 schillings)[2]
Cellulose varnishes	429	1,528
Other varnishes	2,540	7,526
Retailers' dyes	65	248
Commercial paints and others	857	2,514
Paints for artists	92	449
Total	3,983	12,265

[1]1 kilo=2.2 lb.
[2]1 schilling=Can.$.03670.

AUSTRIAN IMPORTS OF VARNISHES

January-June 1959

	Cellulose varnishes (100 kilos)	Cellulose varnishes (1,000 schillings)	Other varnishes (100 kilos)	Other varnishes (1,000 schillings)
From:				
West Germany	310	1,098	1,828	5,465
Italy	11	4	13	169
France	8	27	21	45
Britain	1	13	11	69
Netherlands	3	3	49	149
Sweden	N.A.	1	3	9
Switzerland	3	5	421	1,061
Czechoslovakia	N.A.	1		
United States	103	374	104	355
Venezuela	N.A.	2		
Belgium			49	120
Denmark			41	83
Norway			N.A.	1
Total	429	1,528	2,540	7,526

AUSTRIAN IMPORTS OF FINISHED PAINTS

January-June 1959

	Paints, finished including water, oil, resin, and other (100 kilos)	Paints, finished including water, oil, resin, and other (1,000 schillings)	Paints for artists (100 kilos)	Paints for artists (1,000 schillings)
From:				
West Germany	472	1,357	67	315
Italy	2	19		
France	13	25		
Britain	60	112	6	28
Netherlands	15	175	18	91
Sweden	36	102		
Switzerland	16	102	1	13
United States	20	85	N.A.	2
Belgium	218	524		
Denmark	5	13		
Total	857	2,514	92	449

imported, Switzerland of 14 per cent of the other types of varnishes, and Belgium and the Netherlands of 21 per cent of the commercial paints and 20 per cent of the artists' paints.

Special Paints in Demand

Because of the strength of the Austrian industry, only finished paints and varnishes that are unique in their use and method of application would appear to meet market demands here. There are openings in Austria for special varnishes, such as automobile varnishes; for high-quality jellied lacquers used in the furniture-finishing trade; and possibly for dispersion plastic paints with a polyvinyl chloride or acetate base, though these are also made here. One United States firm is marketing paint for the homeowner in small spray tins, requiring no special spray-gun, brush, or roller for application. This type of product for the do-it-yourself consumer also has a future here. In intermediary products such as red and yellow iron oxide pigments, French ocher pigment, aniline blue, and possibly PVC binders, Canadian firms might also find openings, provided they can compete in price with German, French and Dutch exporters.

Duties and Licences

All finished varnishes, lacquers and paints generally face an ad valorem duty of 28 per cent, with the duty not to be less than 800 schillings (Can.$29) on 100 kilograms. However, varnishes for protecting the inside of pipes and oven-firing varnish for wire coating may be admitted free of duty if it can be shown that they are not made in Austria, or may be partially or totally exempted from duty if the Government of Austria considers domestic production insufficient. Artists', students' and signboard painters' colours face an ad valorem duty of 30 per cent. In addition, import licences are required for all types of finished commercial paints and varnishes and for artists' paints. Such licences are granted, though sparingly, as the import statistics covering shipments from the United States show.

Selling Tips

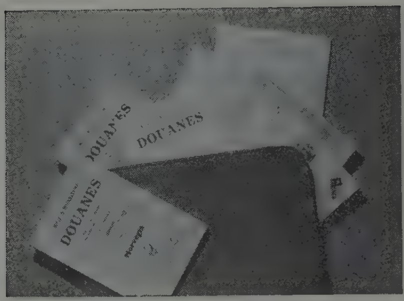
The Canadian exporter, as well as meeting official import requirements, must adapt his products and selling techniques to the market if he is going to succeed. Paints and varnishes are not sold here by liquid measurement but by weight: that is, not by gallons or litres but in one-eighth, one-quarter, one-half, one, three, five, twenty-five and fifty-kilogram measures. The exporter should locate an agent in Austria who is willing to import in bulk and has the facilities for weighing and properly canning the product. Businessmen in the trade emphasize that it is useless to try and market for retail or industrial use in gallons.

Furthermore, the Canadian exporter should quote prices c.i.f. North European port, provide sales and technical literature in German, and be prepared to assist his agent with advertising. Austrian importers are accustomed to generous payment terms, particularly from West German suppliers, and prompt delivery.

This is a highly competitive, relatively closed, conservative and small market. Certain U.S. firms that make paints and varnishes with unique features have reached licensing agreements with Austrian firms for manufacture here or have invested directly in local industry. Such investments or associations with Austrian firms have helped sell U.S. products not only in the Austrian market but in markets farther eastward where the Austrian industry has built up a good business.

Photo Credits

Cover, International Bank for Reconstruction and Development; page four, United Nations; pages 13 and 14, Drapers' Record, *London; page 23, Canadian Industries Limited.*



Trade and Tariff Regulations

Argentina

REDUCTIONS IN CUSTOMS IMPORT SURCHARGES—It has been officially announced that the ruling system of import surcharges will be replaced some time in 1960 by a new system. Decree No. 17451, signed on December 30 and published in the commercial newspapers of January 2, reduces the surcharge of 300 per cent of the c.i.f. invoice value of certain goods to either 150 or 200 per cent.

The existing surcharge on goods in the official lists No. 1, 2, 3, 4 and 6a remains unchanged. The goods included in lists 5 and 6b, as well as those that hitherto have not been included in any list, will henceforth be subject to a surcharge of 150 per cent instead of the 300 per cent hitherto applicable.

A new list, No. 7, is to be created and the goods included in it will be subject to a surcharge of 200 per cent. The selection of the items to be included in this new list is still under study.

It is indicated that this list will consist of an appreciable number of the items now included in list 5 and of those that at present appear in no list. It is stated that the Tariff Commission will definitely indicate by March 1, 1960, what goods will become subject to the surcharge of 150 per cent and those that will compose the new list 7 or will continue under study for that purpose. Meanwhile a transitory extra surcharge of 50 per cent of the c.i.f. invoice value will be levied upon all unlisted items and upon all items at present in list 5 until such time as the above announcements have been made. This 50 per cent temporary surcharge will be refunded subsequently in cases where the item in question becomes subject to a permanent surcharge of only 150 per cent—Buenos Aires.

Australia

TARIFF BOARD INQUIRIES—The Australian Minister for Trade and Customs recently referred to the Tariff Board for inquiry and report the question whether assistance should be accorded to the production, through tariff action or otherwise, of the following goods:

Motor vehicle type voltage regulators
Hoop and strip of iron and steel
Tinned iron and steel plates and sheets
Hand tools (excluding power-driven tools) as follows:

(1) spades and shovels of all kinds, including household coal shovels and special types

(2) picks, mattocks, hoes, rakes, lawn rakes, forks, pitchforks and similar tools such as combined hoe-rakes, grubbers, weeders and cultivators

(3) felling axes, hand axes, hatchets, choppers, adzes, billhooks, slashers, machetes and similar hewing tools

(4) scythes, sickles, bagging hooks, reaping hooks and grass hooks, and hay and straw knives of all kinds

(5) hedge and grass shears, two-handed lopping shears, pruning shears, sheep shears

(6) all other hand tools of a kind used in agriculture, horticulture or forestry, such as planters, seeders, dibbers, trowels, transplanters, bark scrapers, fruit pickers, lumbermen's log-rolling tools (cant hooks), timber wedges, lawn-edging irons, pruning knives and secateurs, but not including other knives, saws, appliances for spraying liquids or powders, garden or field rollers, or mowers.

Canadian firms exporting these products to Australia may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his Australian agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in Australia soon after the announcements are made.

Rates of duty on these products may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Jamaica

IMPORT OF MOTOR VEHICLES—The Trade Board, Jamaica, advised importers on January 15 that it is prepared to consider applications for licences to import reasonable quantities of motor vehicles from any country other than those that are Communist-dominated.

However, dealers in used motor vehicles will not be permitted to import any such vehicle of a later year than 1959 unless they are accredited agents for the distribution of such vehicles.

Japan

IMPORT CONTROLS RELAXED—In a number of official notices, Japan has recently announced some further relaxations of controls on imports. Notices published in *Foreign Trade* of November 7, 1959, and of January 2, 1960, described relaxation measures announced at those times. Further announcements by the Ministry of Trade and Industry provide for the import under quota of a number of consumer goods, including whisky, confectionery and others, effective January 27, 1960.

In addition, effective April 1, 1960, restrictions are to be relaxed on 434 items. Additions to the Automatic Approval System of import procedure account for 291 items, and to the Automatic Allocation System schedule for 143 items. Commodities affected include:

Nickel ore; wool waste; cinematograph films, exposed; synthetic resins and auxiliaries; various chemicals, organic and inorganic, including some for rubber and textiles; pigments; oils and fats and derivatives; plastics; tanning materials; certain metallic and non-metallic mineral products; dyestuffs; paper, and others.

Discrimination against dollar imports of beef tallow, unrefined lard, hides and pig iron is to be removed about mid-1960.

A Ministry announcement of December 26, 1959, indicates the intention to liberalize as early as possible raw materials for chemical fibres (pulp, caustic soda, sulphur, carbolic acid and benzole). Also announced is the intention of drawing up yearly schedules for further liberalization with the objective of liberalizing all imports within three years.

Detailed schedules of items affected by the Japanese liberalization measures are available from the Asia and Middle East Division, International Trade Relations Branch.

Portugal

IMPORTS FROM DOLLAR AREA LIBERALIZED—Portugal has ended discrimination against imports from Canada and the United States in favour of the OEEC countries. Effective January 10, 1960, the OEEC liberalization list, which covers 90 per cent by value of the exports of OEEC countries to Portugal, has been extended to embrace Canada and the United States.

The dollar liberalization move enhances Canada's export prospects in Portugal. However, a number of agricultural commodities and raw materials of interest to Canada are still restricted. Among those specifically excluded are animal oils and fats, rice, cereals, fruit, milk, butter and cheese.

United Kingdom

FURTHER REMOVAL OF IMPORT RESTRICTIONS—The removal of import licensing restrictions from a further list of goods, effective February 1, has been announced by the United Kingdom. The goods affected are:

Fresh, chilled or frozen fish (other than salmon and salmon trout, from which restrictions were removed on November 9, 1959)
Unmanufactured tobacco
Manufactured tobacco, other than cigars
Synthetic rubber, raw
Transistors and parts thereof.

With the exception of unmanufactured tobacco, all of the foregoing goods had already been liberalized when imported from the so-called "Relaxation Area" (mainly Western European countries). The effect of the new measure is to permit restriction-free entry of all the above-mentioned products when they originate in and are consigned from dollar countries, such as Canada and the United States, as well as from countries comprising the Relaxation Area.

Uruguay

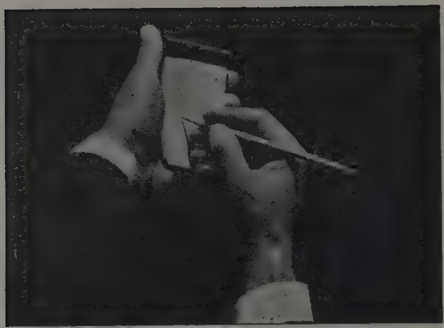
EXCHANGE REFORM AND NEW IMPORT CONTROL SYSTEM—The Commercial Counsellor in Montevideo reported that on December 17, 1959, Uruguay introduced a fundamental reform of the existing exchange and import control system. Under the new Uruguayan Exchange Reform Law all exchange transactions will take place at free market rates, fluctuating freely according to supply and demand. According to the Uruguayan Minister of Finance, a system of unrestricted import will be established as soon as possible, even for non-essential and luxury goods. However, during the initial period of up to six months (which may subsequently be renewed), the Government is empowered to require prior deposits on certain imported goods and to levy a tax of up to 300 per cent of the c.i.f. value upon imports considered to be non-essential or luxury goods and on goods competitive with domestic manufactures, or to prohibit such imports for a period of six months.

As a first step towards free import, the Government issued a decree on December 22 permitting the unrestricted and non-discriminatory import of certain listed raw materials and semi-manufactured *essential* goods from any source at the new free rate of exchange, without surcharge or prior deposit requirements.

Included in this preferential list were:

Newsprint; wood pulp; most types of hardwood (except oak) and semi-hardwood in logs and beams; pinewood in logs or sawn over 25 mm. diameter; timber for posts, pickets or stakes; seed potatoes; seed oats; alfalfa, fodder, grass and vegetable seeds; raw tobacco; forest tree seeds; poultry; purebred cattle, swine, sheep and horses; copper, brass and bronze ingots; iron and steel in various forms; gypsum; penicillin and various antibiotics and raw materials for the production of certain drugs; raw materials for the production of fertilizers; agricultural pesticides; sodium chlorate and phosphorous sesquisulfide.

Further details are expected shortly and information concerning the treatment of specific commodities will be available from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.



General Notes

Argentina

EUROPEAN CREDIT AGREEMENT—An agreement signed on December 18 between the representative of the Argentine Treasury and eight groups of European bankers grants credits totalling the equivalent of U.S.$75 million for the purpose of stabilizing the peso. The following are the shares of the European banking groups (in millions of dollars): United Kingdom $17, West Germany $16, France $10.5, Italy $10.5, Switzerland $6.5, Netherlands $5.25, Belgium $5.25, and Sweden $4—Buenos Aires.

Belgian Congo

PROGRESS ON INGA—Research into the hydroelectric development of the Inga Rapids on the Congo River entered its final phase on January 1. Preliminary engineering studies were completed before the end of October, and on December 31, the Minister for the Belgian Congo and Ruanda-Urundi approved a contract for the final studies to be made by the Abelinga consortium. Abelinga is to prepare two reports and draw up specifications that will determine exact power costs under alternative plans.

The studies will be completed by the fall of 1960. As soon thereafter as commitments are made for purchase of the initial electric power, the Government is expected to call for tenders and award contracts for building the dam, power station and ancillary works. Details about the Inga project appeared in the August 15, 1959, issue of *Foreign Trade*—Brussels.

Belgium

SELLING TO NEW SUPERMARKET—A large department store in Antwerp recently opened the most extensive self-service supermarket in Belgium. With an area of about 1,500 square yards, it is located on the main floor of a five-storey building.

This store may offer a small outlet for manufacturers supplying Canadian supermarkets. Interested firms should send samples and prices (preferably c.i.f. Antwerp) to the Commercial Counsellor, Brussels, so that they may be brought to the attention of the store buyers—Brussels.

Chile

NEW MONETARY UNIT—Because of the continued depreciation of the Chilean currency, the value of the present basic monetary unit, the peso, has become practically negligible. As a result, the Government last year issued a decree whereby, effective January 1, 1960, the monetary unit was changed from the peso to the escudo.

The escudo is equivalent to 1,000 of the present pesos and is divided into 100 units to be known as centisimos. At the present rate of exchange the escudo is worth about U.S.$1.00. All currency now in circulation will be gradually withdrawn, and it is expected that the change-over for all practical purposes will be completed by the end of 1960. Apart from issuing new bills in January, the mint will also overprint its present supply of peso bills with their new escudo value.

The change in the monetary unit, apart from providing a new medium of currency, will also simplify accounting procedures in all commercial establishments. Valuable accounting machines that were fast becoming obsolete because of the limited number of digits will be saved by the new decree.

The Government's budget for 1960 has been expressed in the new monetary unit and after December 31 last year all financial balance sheets must be expressed in escudos—Santiago.

Ireland

CANADIAN AERIAL SURVEY—Hunting Airborne Geophysics Ltd., Toronto, has recently carried out, chiefly around Wicklow, an aerial survey to locate possible deposits of base metal sulphides, and to find areas where there may be copper, lead or zinc—Dublin.

Israel

NEW POSTAGE STAMPS—All postage stamps, stamped postcards and air-letter forms in Israel were scrapped on January 1, with the introduction of the new division of the Israeli pound into 100 agorot instead of 1,000 prutot. Until the new stamp issue is put into circulation, a transitional series of stamps is to be issued—Athens.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, French Equatorial Africa	K. Nyenhuis Canadian Government Trade Commissioner R. A. Bull Assistant Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Secretary C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apartado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Hilda 3306

Territory	Officer	City Address	Mail and Cables, Office Telephone
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor J. M. Knowles Assistant Commercial Secretary	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Tel.:* 2-8138
France Algeria, French West Africa, Morocco, Tangier, Tunisia	R. Campbell Smith Commercial Counsellor W. G. Brett Assistant Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne PARIS 8e	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor G. F. Mintenko Assistant Commercial Secretary W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse BONN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 21971
Germany	E. H. Maguire Consul J. M. T. Thomas Vice Consul	Canadian Consulate 69 Ferdinandstrasse HAMBURG	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 326149
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. ACCRA	*Mail:* P.O. Box 1639 *Cable:* CANADIAN *Tel.:* 4824
Greece Israel, Turkey	W. Van Vliet Commercial Counsellor (temporary) L. D. R. Dyke Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. ATHENS	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5 Avenida 10-68, Zone I GUATEMALA CITY, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* CANADIAN *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau PORT AU PRINCE	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. HONG KONG	*Mail:* P.O. Box 126 *Cable:* CANADIAN *Tel.:* 27743
India	B. A. Macdonald Commercial Counsellor J. R. Midwinter Assistant Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area NEW DELHI 1	*Mail:* P.O. Box 11 *Cable:* CANADIAN *Tel.:* 35201
India Calcutta, Madras, Goa	H. A. Gilbert Canadian Government Trade Commissioner G. P. Morin Assistant Trade Commissioner	Gresham Assurance House Mint Road BOMBAY	*Mail:* P.O. Box 886 *Cable:* CANADIAN *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 DJAKARTA	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation TEHRAN	*Mail:* Central P.O., Box 1610 *Cable:* CANTRACOM *Tel.:* 49291

Territory	Officer	City Address	Mail and Cables, Office Telephone
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. DUBLIN	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 44251
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	F. B. Clark Commercial Secretary A. A. Lomas Assistant Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan	L. A. Campeau Commercial Secretary J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary W. J. Jenkins Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	H. L. E. Priestman Consul General and Trade Commissioner R. H. Gayner Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571

Territory	Officer	City Address	Mail and Cables, Office Telephone
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260
South Africa (Natal, Transvaal, Orange Free State), Madagascar, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Cyprus, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	B. C. Butler Minister (Commercial) W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary D. B. Laughton Agricultural Secretary E. J. White Commercial Secretary (Timber)	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701 *Cable:* TIMCOM
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic) D. A. B. Marshall Agricultural Counsellor T. M. Burns Commercial Secretary J. D. Blackwood Assistant Commercial Secretary J. MacNaught Assistant Agricultural Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

Territory	Officer	City Address	Mail and Cables, Office Telephone
United States—*con.*	H. E. Lemieux Consul and Trade Commissioner F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	Consul and Trade Commissioner (absent)	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada PISO 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor R. D. Sirrs Assistant Commercial Secretary J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.04987.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 1	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01159	86.28	(1)
Austria	Schilling		.03667	27.27	
Australia	Pound		2.1358	.4682	
Bahamas	Pound		2.6698	.3745	
Belgium, Belgian Congo and Luxembourg	Franc		.01909	52.38	
Bermuda	Pound		2.6698	.3745	
Bolivia	Boliviano	Free	.00008337	11,994.72	
British Guiana	Dollar		.5562	1.80	
British Honduras	Dollar		.6674	1.50	
Brazil	Cruzeiro	General Category*	.004391	227.74	*Dec. 29 (2)
		Special Category	.002143	466.58	
		Official selling	.05035	19.86	(3)
Burma	Kyat		.2000	5.00	
Ceylon	Rupee		.2002	4.99	
Chile	Escudo	Free	.9115	1.09709	(4)
Colombia	Peso	Certificate	.1488	6.72	
Costa Rica	Colon	Official	.1696	5.90	
		Controlled free	.1433	6.98	
Cuba	Peso		.9525	1.04987	tax 2%
Czechoslovakia	Koruna		.1323	7.56	
Denmark	Krone		.1380	7.25	
Dominican Republic	Peso		.9525	1.04987	
Ecuador	Sucre	Official	.06350	15.75	
		Free	.05564	17.97	
Egyptian Region, United Arab Rep.	Pound	Official	2.7352	.3656	
		Export account selling	2.2875	.4371	
El Salvador	Colon		.3810	2.62	
Fiji	Pound		2.4052	.4158	
Finland	Markka		.002977	335.91	
France, Monaco, etc.	New Franc		.1940	5.15	(5)
French colonies	Franc		.003880	257.73	(6)
French Pacific	Franc		.01067	93.72	(7)
Germany	D Mark		.2284	4.38	
Ghana	Pound		2.6698	.3745	
Greece	Drachma		.03175	31.50	
Guatemala	Quetzal		.9525	1.04987	
Haiti	Gourde		.1905	5.25	
Honduras	Lempira		.4763	2.10	
Hong Kong	Dollar	Free*	.1669	5.99	*Jan. 22
		Official	.1669	5.99	
Iceland	Krona	Official	.05849	17.10	(8)
India	Rupee		.2002	4.99	
Indonesia	Rupiah	Official rate	.02117	47.24	(8)
Iran	Rial		.01257	79.53	
Iraq	Dinar		2.6670	.3749	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 1	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6698	.3745	
Israel	Pound		.5292	1.89	
Italy	Lira		.001534	651.89	
Japan	Yen		.002646	377.93	
Lebanon	Pound	Free	.2994	3.34	
Mexico	Peso		.07620	13.12	
Netherlands	Florin		.2525	3.96	
Netherlands Antilles	Florin		.5088	1.96	
New Zealand	Pound		2.6698	.3745	
Nicaragua	Cordoba	Effective buying	.1443	6.93	
		Official selling	.1351	7.40	
Norway	Krone		.1333	7.50	
Pakistan	Rupee		.2002	4.99	
Panama	Balboa		.9525	1.04987	
Paraguay	Guarani	Official	.007807	128.09	
Peru	Sol	Certificate	.03439	29.08	
Philippines	Peso		.4763	2.10	
Portugal & Colonies	Escudo		.03324	30.08	(9)
Singapore and Malaya	Straits Dollar		.3115	3.21	
Spain and Dependencies	Peseta		.01587	62.99	
Sweden	Krona		.1839	5.44	
Switzerland	Franc		.2199	4.55	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04531	22.07	(8)
Turkey	Lira		.1058	9.45	(8)
Union of South Africa	Pound		2.6698	.3745	
United Kingdom	Pound		2.6698	.3745	
United States	Dollar		.9525	1.04987	
Uruguay	Peso	Free	.08639	11.57	
		Basic buying	.6289	1.59	(8)
		Principal selling	.4545	2.20	
Venezuela	Bolivar		.2843	3.52	
West Indies Fed.	Dollar		.5562	1.80	(10)
	Pound		2.6698	.3745	(11)
Yugoslavia	Dinar	Official	.003175	314.96	(8)
		Settlement rate	.001507	663.52	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods. Beginning Jan. 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Businessman's Bookshelf

A Survey of North West Africa (The Maghrib)

Edited by Nevill Barbour. 378 pages. $5.25.

PEOPLE looking abroad today for any reason—businessmen concerned about markets, tourists about holiday spots and relief workers about the welfare of depressed peoples—will welcome this new survey of one of the oldest civilized regions of the world, the Maghrib. Stretching across northern Africa from the Atlantic to the western boundary of Egypt, and from the Mediterranean to northern Nigeria and Timbuktu, this enormous land encompasses deserts in the south and fertile plains and high mountains in the north. Its inhabitants include Berbers, Arabs, Negroes and Europeans; its resources cereals, citrus, grapes, oil, natural gas, uranium, iron, manganese, tin, wolfram and copper.

Edited by Nevill Barbour, long-time student of North Africa and expert on Arab affairs, the book tells the story of each country and territory of the Maghrib from antiquity to the present. Short historical summaries introduce chapters on government, social and economic conditions and the political and economic future of these countries—most of them concerned over the problems of centuries of European rule. It is an absorbing story, and Mr. Barbour, with his team of international experts, tells it in a clear and thoroughly enjoyable style.

Published by: Oxford University Press, Toronto, Ontario.

Canada in World Affairs, 1953 to 1955.

By Donald C. Masters, for the Canadian Institute of International Affairs. 216 pages. $3.50.

CANADIANS conscious of the growing importance of their country at world conference tables will find the series of surveys sponsored by the CIIA useful in sorting out the profusion of events that make the assessment of our rôle in world affairs today so difficult. This account of the years between 1953 and 1955 is well documented; Dr. Masters has drawn on newspapers, books, magazines and parliamentary debates. He covers first Canada's clashes with the United States over tariffs, the St. Lawrence Seaway, Columbia River development and other smaller problems. He details the Canadian part in the Indo-Chinese Truce Commissions, in the Korean crisis, and in the question of the rearming of Germany and its acceptance into NATO in 1955. The succeeding chapters recall Canada's significant rôle in the United Nations disarmament conferences and its initiation of the famous "package deal" for the admission of 16 new members to the UN in the closing days of 1955.

There is little criticism in this book, except in the last chapter; it is primarily a factual, historical record. Yet the facts of the story are exciting and the telling is good. One realizes not only how much Canadians have accomplished in recent years, with their "flair for negotiation and compromise", but also how much more the world expects them to accomplish. One of the reasons Dr. Masters gives is that Canadian diplomats have been trusted at international councils. Their responsibilities as conciliators thus continue to be heavy and their greatest tasks are perhaps yet to come.

Published by: Oxford University Press, Toronto.

Fraser's Canadian Trade Directory, 46th Edition

Fraser's Trade Directories Limited. 1,880 pages. $10.00.

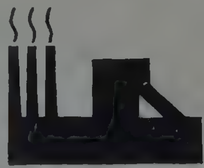
OLD-TIMERS in business need no reminder about the annual appearance of this directory; they make a place for the new edition automatically on their reference shelves. Newcomers to foreign trade may not have discovered how useful it can be. Under one cover they will find listed the makers of products ranging from "abattoir equipment" to "zirconium-ferro"; 12,500 firms and the goods they manufacture; 15,000 brand names and the owners of each; 12,000 foreign companies and their representatives in Canada. Add to this a market data section and indexes to the advertisers and the classifications, and you have a book that has a diversity of business uses.

Order from: Fraser's Trade Directories Limited, 6833 de l'Epee Avenue, Montreal 15, Quebec.

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada

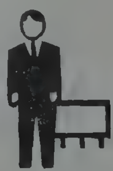
This is the business that Jack built.



This is the product that sold abroad that boosted the business that Jack built.

This is the journal that covered the market
That bought the product that sold abroad
That boosted the business that Jack built.

This is the man that wrote the report that appeared in the journal
That covered the market
That bought the product that sold abroad
That boosted the business that Jack built.



Are you building an export business?

If you are you need *FOREIGN TRADE*—its on-the-spot market and commodity reports by Canadian Trade Commissioners stationed around the world, its up-to-date coverage of import and exchange regulations in foreign markets, its analyses of market opportunities, and many other features.

FOREIGN TRADE is published every two weeks by the Department of Trade and Commerce, Ottawa. Why not write to the editor for a sample? Better still, fill in the coupon for a year's subscription at only $2.00.

Supervisor of Government Publications,
The Queen's Printer,
Ottawa, Canada.

Please send me *Foreign Trade* for a year. Enclosed is my cheque / money order for $2.00 ($5.00 outside Canada) made payable to the Receiver General of Canada.

Firm . . . .

Name . . . .

Street . . . .

City and Province . . . .

FEBRUARY 27, 1960

foreign trade

CANADA

YOU CAN SELL FROZEN FOODS TO GERMANY (page two)

Established in 1904

foreign trade

OTTAWA, FEBRUARY 27, 1960 Vol. 113, No. 5

cover In the freezing section of a Canadian plant, packages of prepared vegetables are loaded onto metal trays, 33 to a tray. These are then inserted into the plate freezer. Our growing frozen-food industry not only supplies domestic demand but also ships to export markets. The article on page two points up sales possibilities in a new quarter, West Germany, and gives details on how and what to offer.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

78442-1—1

You Can Sell Frozen Foods to Germany

Our Hamburg office analyzes growing German taste for frozen foods; shows how Canada's well-developed frozen-food industry can supply this rapidly expanding market.

MALDWYN THOMAS, *Vice Consul and Assistant Trade Commissioner, Hamburg.*

THE frozen-food industry in Germany has developed more slowly than in any other country in Western Europe. But after several false starts it is now firmly established and progressing rapidly. Attempts after the war to put frozen foods on the German market did not succeed because of the lack of modern freezing equipment needed to provide products of standard quality, the dearth of self-service stores, consumer unfamiliarity with the products, and poor marketing methods.

Frozen Foods Catch On

In 1955, after studying the frozen-food industry in neighbouring countries and in the United States, the Germans made a new attempt to establish theirs on a better basis. This time it caught on and since then has grown steadily. In 1956 there were only 5,000 deep freezers in German stores. At the beginning of 1959 nearly 20,000 units, many of them much bigger than the first ones, were in operation throughout the country, though only about 10 per cent of the grocery stores have them.

Comparing frozen-food consumption figures in certain other countries will point up the great possibilities for expansion in this market of 51 million people. In the U.S., annual consumption is 28 kilos per capita, in Sweden (which leads Europe in the consumption of frozen foods) 2.7 kilos per capita, and in Britain and Switzerland, 2 kilos per capita. In Germany, however, per capita annual consumption of frozen food reaches only 0.28 kilos. Sweden, with a population of only seven million, has more deep freezers than Germany.

How Industry Is Organized

Because the German frozen-food industry is in its infancy, it is still undergoing constant change. Improved methods of distribution are being sought and it is not at all certain that the final pattern has been set. At present the marketing of frozen food is controlled by some 250 wholesalers and by large retail co-operatives throughout the country. Considerable expense devolves upon the wholesalers because they must finance the retailers' operations and maintain cold storage plants and refrigeration trucks to carry products to the warehouses and thence to the stores.

The number of firms turning out frozen foods in Germany is rising rapidly; in 1955 there were only 17 but by 1958 there were 42. Despite this substantial growth, German processors feel that production will not be able to keep pace with demand and that more and more frozen foods will have to be imported.

There are also production and distribution problems stemming from the newness of the frozen-food industry in Germany. The establishment of an efficient delivery chain from warehouse to shop has proved difficult, as has maintenance of uniform quality. However, these do not seem to be insurmountable problems and progress is considered satisfactory.

Consumption Analyzed

The following figures for 1958 show the pattern of German frozen-food consumption:

Fruits and vegetables	6,000 tons
Poultry	5,000 "
Fish	2,000 "
Ice cream	1,500 "
Prepared dishes, miscellaneous foods	1,500 "
TOTAL	16,000 tons

Although the pattern may change as the industry grows and German taste shifts, the table above serves as a guide to present conditions; some of the foods in the list are imported. Fruits and vegetables are obviously the biggest group, accounting for about 38 per cent of total consumption. By far the most important of these is spinach, which represents 65 per cent of total turnover. Next come peas, mixed peas and carrots, green beans, sliced cucumbers, strawberries and other berries. Poultry is the second most important group in German frozen-food consumption. An analysis of the West German poultry market appeared in *Foreign Trade* on

Streamlined refrigerated food counters in a West German supermarket display frozen poultry. German imports of frozen fryers, fowl and poultry parts are rising; Canada successfully cracked the market as a supplier for the first time in 1959.

March 14, 1959. Conditions described in that article still apply, except that prices have dropped by about 10 per cent.

The 2,000 tons of frozen fish consumed in 1958 were principally in the form of fillets; the more popular kinds are cod, rosefish, sole and plaice, though frozen shellfish is also being sold in increasing quantities. It is expected that the growth of the frozen-food trade will benefit particularly the fishing industry because inland consumers will be able to have fish the year round.

Ice cream is an important item in the frozen-food market and the stores use it as a "filler" to balance out their freezers. However, it is doubtful whether it will ever be imported because it is highly perishable and because German consumers prefer the home product.

About one-half of the "prepared dishes" category in the preceding table is accounted for by frozen meat; frozen potato dumplings, potato croquettes, meat dishes, fruit-juice concentrates, and prepared pastry make up the rest. Frozen cutlets and ready-to-grill steaks constitute about 5 per cent of total frozen-food consumption and have increased rapidly in popularity in a short time. Prepared dishes seem to be still in the experimental stage and it is recognized that much work has yet to be done to develop a market for them.

Skilled hands in this Canadian food-processing plant ensure that no undersized, discoloured, or otherwise spoiled peas pass along the conveyor belts into the freezing and packing machines. Peas are among Canada's best bets for selling to the German market.

78442-1—2

The import of most deep-frozen foods will be liberalized within the next one or two years and it is felt in trading circles here that it will be fairly easy to obtain import licences during the intervening period.

Because the frozen-food industry in Germany is new, it is still too early to speak of import trends. It is, however, evident that a large part of German supplies come from abroad and will continue to do so. Imports of frozen fruits and vegetables leapt ahead in 1959 when an import quota was opened for frozen peas and frozen berries. It is estimated that about DM1.2 million worth of frozen food was imported under this quota and, according to German importers, more quotas would have been opened for peas and berries if a source of supply could have been found. There is also a strong demand for imported spinach, green beans, peas and carrots. Frozen fruits and vegetables for the German market should be packed in one-pound paper cartons and kept at a temperature of minus 18 degrees Centigrade, the standard required for all German frozen foods.

Poultry imports continue to rise and in 1959 Canada first appeared as a supplier. In addition to fryers and fowl packed in polyethylene, wax paper or cryovac, demand is particularly heavy for chicken backs and necks, and duck and turkey parts packed in two-pound cartons. The outlook for poultry import quotas is good. There is, however, no indication that imports of frozen meat (beef, etc.) will be liberalized in the foreseeable future.

Development of the frozen-food market has boosted the consumption of frozen fish, especially fillets. At the time of writing, there is a strong interest in imported rosefish (sebastes marinus) and cod fillets, and an indication that frozen shellfish would also be popular; each of these products has been liberalized. Principal foreign suppliers at present are the Scandinavian countries, considered to be leaders in this field.

IMPORTS OF FROZEN FOOD INTO GERMANY

	1957		1958		1959	(Est.)
	Quantity (100 kilos)	Value (DM'000)	Quantity (100 kilos)	Value (DM'000)	Quantity (100 kilos)	value (DM'000)
A. FRUITS AND VEGETABLES						
1. Frozen vegetables						
Total imports	12,094	1,397	1,984	377		701
From:						
Italy	5,574	430				
Sweden	2,154	325				
Poland			723	136		
Britain			631	130		
2. Frozen fruits (no sugar added)						
Total imports	6,676	1,453	11,131	1,748		3,854
From:						
Netherlands	4,333	1,089	5,136	884		
Denmark			1,881	291		
Yugoslavia	642	51				
3. Frozen fruits (sugar added)						
Total imports	639	160	308	88		511
From:						
Bulgaria	299	57				
Sweden	169	54				
Netherlands			205	66		
United States			99	21		
Total	19409	3,010	13,423	2,213		5,066
B. FROZEN FISH FILLETS						
					(Jan.-Sept.)	
Total imports	2,705	226	3,722	419	8,200	661
From:						
Norway	2,379	177	3,187	310	8,192	658
Denmark	258	39	30	6	5	2
Britain	19	2	248	69		
Sweden			134	19		
Japan	39	6	50	7		
Iceland	10	2	16	2		
Netherlands			16	2	3	1
Communist China			10	2		
C. POULTRY (Here it is not possible to separate frozen imports from fresh imports. Imports from overseas are all frozen.)						
					(Jan.-Aug.)	
Total imports	492,505	140,781	642,599	186,256	483,988	133,224
From:						
Netherlands	243,007	70,561	281,384	83,147	215,971	59,841
Denmark	66,684	21,123	104,285	31,990	112,539	32,678
Poland	75,422	20,547	96,215	26,217	35,082	9,008
Hungary	41,494	10,508	53,331	13,869	15,104	3,872
United States	29,241	8,605	31,794	10,743	74,500	19,987
Yugoslavia	16,029	4,050	15,021	3,956		
Argentina			24,644	6,888	7,971	2,183
Canada					1,948	498

So far there is no record of prepared frozen dishes being imported into Germany. This is certainly partially accounted for by the fact that the Germans have many special national dishes that could hardly be prepared outside the country. Prepared dishes are, however, a brand new field and the Germans would no doubt be receptive to new products from abroad if these were properly introduced. Frozen juices, particularly citrus juices from the United States, are becoming quite

WEST GERMAN DUTIES ON IMPORTED FROZEN FRUITS AND VEGETABLES

		From Common Market		From Canada and rest of world			
		Customs %	*Tax %*	*Customs %*	*Tax %*	*Liberal-ized*	*Scheduled for Liberalization*
0702	Vegetables (whether cooked or not) preserved by freezing, spinach, peas, beans and others	27	4	27 (free until March 31, 1960)	4	No	Not later than July 1, 1961
0810	Fruit (whether cooked or not) preserved by freezing, not containing sugar	27	4	27	4	No	" " "
	NOTE: Goods falling within 0810 for industrial processing under customs control	4.5	4	5	4	No	" " "
2003	Fruit preserved by freezing containing added sugar	31.5	4	31.5	4	No	" " "

WEST GERMAN DUTIES ON IMPORTED FROZEN FISH

		From Common Market		From Canada and rest of world			
		Customs %	*Tax %*	*Customs %*	*Applicable for the period of*	*Tax %*	*Liberal-ized*
0301	Frozen salmon	2.5	4	15 (temporarily 3)	May 1 to Oct. 31	4	Yes
		10.5	4	15 (temporarily 12)	Nov. 1 to April 30	4	
0301	Frozen halibut	free	4	free	Aug. 1 to Dec. 31	4	Yes
		9	4	10	Jan. 1 to July 31	4	Yes
0301	Fillets frozen	4.5	4	5		4	Yes

popular and, with the introduction of such customs as having fruit juice at breakfast, this trend will no doubt continue.

Canadian sales of deep-frozen products have so far been limited, though a start was made in 1959 with the introduction of frozen poultry. Canadian producers should be able to improve their position in coming years because our frozen-food industry is an old and well established one; with its years of experience, it undoubtedly has many new products and ideas to sell to the Germans.

In the last few months German importers have shown interest in obtaining frozen foods from Canada. In fact, one of the largest retail co-operatives in Germany, controlling some 40,000 stores, has indicated that it would like to come to an arrangement with Canadian frozen-food producers. Such a project if successful would mean a more or less guaranteed turnover for the Canadian supplier. The German firm does not want simply to buy its frozen foods from Canada, but to co-operate with the Canadian supplier in advertising, promotion and the development of suitable packaging. Certain large Scandinavian firms are already using this system of selling in Germany; they have spent a great deal of money here and it is evident that they intend to stay in the market.

According to the large German retailer with whom we have had contact, Canadians should succeed best in selling spinach, peas, carrots, green beans, sliced cucumber and strawberries. For further information and assistance, interested frozen-food exporters are invited to write to the Canadian Consul and Trade Commissioner, Hamburg, or to the Agriculture and Fisheries Branch, Department of Trade and Commerce, Ottawa. ●

Michigan and Ohio in '59

WITH the settling of the steel strike, businessmen of the Detroit area look forward to increased prosperity throughout 1960. Despite the adverse effects of the strike, commercial activity was at an all-time high in 1959. Retail sales rose by 12 per cent to over $5 billion, and car and truck production climbed by 30 per cent to some 6.7 million units. Another 19.8 per cent increase, to an estimated 8 million units in 1960, is forecast for the U.S. as a whole.

The value of new construction last year fell 2 per cent below that of 1958 but is expected to rise by 5 per cent in 1960. Bank debits increased by 14.3 per cent in 1959 over the previous year.

The rubber industry, which is the backbone of the Akron, Ohio, area, is looking forward to a year of record production and profits. Despite strikes last year that closed some plants for as long as eight weeks, many of the rubber firms set new profit records.

New construction in the Cleveland area is expected to climb even higher in 1960 from the near-record levels of 1959. Residential housing dominated the building picture in 1959; a drop is expected in 1960, but it is felt that this will be more than overcome by a sharp increase in industrial and plant construction.

The machine-tool industry made a substantial comeback last year and the 1960 outlook is bright. Net new orders for the first eleven months of 1959 rose 81 per cent above those for the corresponding period of 1958.

The glowing forecast, however, does not apply to the farming community. The decline in net farm income is estimated at from 8 to 10 per cent, with a further 3 per cent predicted for 1960.

Chemical manufacturers set new sales records last year and expect a 9 per cent increase in 1960. The paint industry too is optimistic and, despite the expected drop in residential construction, feels that more non-residential building plus increased repairs and renovations will keep business buoyant throughout the year.

—M. J. VECHSLER,
Consul and Trade Commissioner, Detroit.

78442-1—2½

Canadians, who sold three times as much to the Czechs last year as they did in 1958, will find this explanation of Czechoslovakia's system of state trading useful. Here too are suggestions about products to offer in that market.

How to trade with CZECHOSLOVAKIA

R. K. THOMSON, *Commercial Counsellor, Vienna.*

CANADA and Czechoslovakia have traded with each other for many years and this trade has lately developed in an encouraging way. Czechoslovak exports to Canada have expanded, and this means that Czechs are earning more Canadian dollars which, their officials say, they are prepared to spend in Canada. Our exporters may therefore wish to give some attention to this market and to the system of trading used there.

Despite the fact that the Soviet Union and other countries of Eastern Europe provide a substantial share of Czechoslovakia's imports and exports, approximately one-third of the country's trade is conducted with non-Communist countries. Furthermore in the period 1953-1958, imports from the Western world have increased faster than those from the Communist Bloc. Czechoslovakia's imports went up during these years by 58 per cent; imports from the Soviet Union and other Communist countries rose 40 per cent, those from Western Europe by 55 per cent, and those from other Western and the under-developed countries by 134 per cent. The Soviet Union's share in Czech imports decreased from 17 to 15 per cent in this time.

Trade between Canada and Czechoslovakia has fluctuated considerably in the last quarter of a century. In 1936, for example, Canadian exports to and imports from Czechoslovakia totalled $2 million. In 1958, the figure was $6 million and 1959 should show a further increase. In the first eleven months of '59 Canadian exports to that country, at $4.6 million, more than trebled over the same period of 1958 ($1.3 million).

The Market Described

Although it is relatively small, Czechoslovakia ranks as one of the world's important industrial nations. Its economy is one of the most advanced in Eastern Europe. For centuries the Czechs have had a solid reputation as craftsmen and workers. Up to the end of the First World War, the western part of what is now Czechoslovakia was the industrial centre of the old Austro-Hungarian Empire. Since then, its industry has increased its scope significantly, even during the Second World War because it suffered relatively little damage. During the past ten years its resources and manpower have been concentrated on industrial expansion and diversification. Next year Czechoslovakia expects to embark on its third Five Year Plan. Among the objectives are expanded agricultural production and a 50 per cent rise in industrial output, with emphasis on automation, on engineering products, the metallurgical industry, and especially on a rise in steel production to $10\frac{1}{2}$ million tons in 1965. Chemicals, plastic raw materials, fertilizers and synthetic fibres will be turned out in larger amounts and manufacture of synthetic rubber and alcohol started. The plan also provides for a 33 per cent expansion in trade with non-Communist countries.

Like the other Communist countries, Czechoslovakia has a planned economy—that is, the Government organizes and plans in detail all aspects of production and trade. The broad planning extends over five years; imports and exports, however, are planned in greater detail each year but are directly related to the five-year economic program. The authorities determine the quantities and types of Czechoslovak products available for export in a given year and, to some extent, the countries in which such products are to be marketed. Similarly, each year they decide on the raw materials, semi-manufactures and manufactured goods to be imported. Much of the country's trade is regulated by bilateral agreements with individual countries that provide for the exchange of particular commodities, fairly clearly defined by type and value. None the less, there are opportunities for a country like Can-

ada, which does not engage in bilateral trade.

Canadian exporters may be interested in knowing just how trade in Czechoslovakia is carried on. Its Ministry of Foreign Trade controls all export and import trade; it is responsible for establishing the general trade plan and co-ordinating it with the national economic plan. It also is responsible for trade policy generally, the development of foreign trade and the negotiation of trade agreements. It does not actually take part in trading operations. These are carried on by a number of foreign trade enterprises, set up as legal entities, financially independent, for the exclusive conduct of export and import trade in particular commodities. Each has monopolistic powers in its own sector and can initiate and carry forward trade negotiations abroad on its own behalf. Each must operate, however, in consultation with the Ministry.

There are 17 foreign trade enterprises altogether; they are listed in the accompanying box, with some data on the field that each covers. Similar corporations deal with related matters, such as the tourist trade, the inspection of goods, and shipping. Two new ones were established recently—POLYTECHNA, concerned with negotiations for patents and licences, and TRANSAKTA, to facilitate barter trade.

The foreign trade enterprises are the sole organizations that can place orders abroad for goods of any description and the sole agents for selling Czech export products. They are, of necessity, large. Each corporation is directed by a general manager or director general and each is divided into a series of departments responsible for specific groups of products or commodities. Separate departments also deal, on an area basis, with imports from and exports to groups of countries. With one exception, all are located in Prague and their officers can carry on discussions, negotiations and correspondence in English and in most other languages.

Czechoslovak Foreign Trade Corporations

ARTIA 30 Smecky, Prague 2.	—Cultural goods, books, records (import and export)
CENTROTEX 47 Tr. Dukelskych Hrdinu, Prague 7.	—Textile and leather goods and raw materials (import and export)
METALIMEX 34 Stepanska, Prague 2.	—Ores, metallurgical raw materials, metals, fuels (non-ferrous) (import and export)
FERROMET 27 Opletalova, Prague 2.	—Metallurgical products and semi-finished products (ferrous) (import and export)
CHEMAPOL 9 Panska, Prague 2.	—Chemical and pharmaceutical products, and raw materials (import and export)
GLASSEXPORT Vaclavske Nam 1, Prague 2.	—Glass manufactures (import and export)
JABLONEX 12 Gottwaldova, Jablonex Nad Nisou.	—Costume jewellery (export only)
CZECHOSLOVAK CERAMICS V Jame 1, Prague II.	—Ceramic manufactures and raw materials (import and export)
KOOSPOL 47 Tr. Dukelskych Hrdinu, Prague 7.	—Food and agricultural products and raw materials (import and export)
LIGNA 41 Vodickova, Prague 2.	—Timber and manufactures of wood and paper (import and export)
OMNIPOL 11 Washingtonova, Prague 3.	—Sporting aircraft, arms and ammunition for sport and hunting (import and export)
STROJEXPORT 56 Vaclavske Namesti, Prague 2.	—Heavy machinery and accessories (export only)
STROJIMPORT 5 Konviktska, Prague 1.	—Heavy machinery and accessories (import only)
MOTOKOV 47 Tr. Dukelskych Hrdinu, Prague 7.	—Cars, motorcycles, motor-scooters and light industrial products (import and export)
KOVO 47 Tr. Dukelskych Hrdinu, Prague 7.	—Precision tools and instruments (import and export)
TECHNOEXPORT 56 Vaclavske Namesti, Prague 2.	—Complete manufacturing plants (export only)
PRAGOEXPORT 34 Jungmannova, Prague 2.	—Small domestic wares, consumer goods (import and export)

Most of the foreign trade corporations have resident representatives in other countries and these can usually be contacted through the offices of the Czechoslovak Commercial Attachés in foreign countries. In Canada, the Montreal firm OMNITRADE, a trading company owned by Czechoslovakia and incorporated in Canada, represents some foreign trade corporations to some degree.

The Czechoslovak Chamber of Commerce is also concerned with foreign trade but its function differs from that of Chambers of Commerce in Canada because it too is an organ of the State. It acts as an intermediary in and as a promotor of business relations, chiefly because it is responsible for Czech participation in trade fairs abroad, for advertising Czech products in special publications and in other ways, and for trade arbitration.

How They Operate

The foreign trade corporations generally prefer to deal directly with producers in the country where the goods originate, believing that this means certain savings and that direct contact is more efficient. However, they are prepared to deal with export agents of Canadian producers, even agents located in countries other than Canada. They are accustomed to appoint sales agents abroad with sole rights to the sale and distribution of specific Czech products. They welcome direct contact with Canadian buyers and sellers visiting Czechoslovakia and have sent a number of representatives to Canada to establish relations with importers and producers. In recent years they have also bought some Canadian goods from or through third countries.

There are certain advantages in dealing with these foreign trade corporations—an importer or exporter of goods produced by or used by one sector of industry need do business with only one organization in Prague. But there are also certain disadvantages. For one thing, there are no alternative buyers or suppliers. In addition, the corporations may not be as flexible in transacting business as a Canadian might wish because of, among other things, their size, the fact that they must conform to the over-all export and import plans, and because the National Bank also exercises a degree of control over foreign exchange.

The businessman may discover other handicaps in trading with a planned economy. One is the inability of foreign suppliers to reach the consumer, who can only get those products that the State decides shall be available to him on the domestic market. Then too, because the bulk of Czechoslovak trade is carried on with Communist countries, purchases outside that bloc are, to some extent, confined to essentials that the Communist area cannot furnish. The same applies in a more limited way to exports. At times, these may be curtailed to provide for commitments made under bilateral trade agreements with other Communist and with non-Communist countries.

What to Sell

What products might Canadians sell in Czechoslovakia? It is difficult to answer this question precisely; the country's needs vary from time to time. Basically the Czechs are interested in raw materials for industries marked for further expansion under the third Five Year Plan. (See paragraph four of this article.) Generally speaking, Czechoslovakia does not buy from the West products that she makes herself or can purchase from other Soviet Bloc countries. The intense drive towards industrial expansion, the desire for more automation, and the recurrence of shortages mean that opportunities sometimes appear for Canadian producers not only of raw materials but also of capital goods, machinery and equipment competitive in price and with original features. Even sales of Canadian consumer goods are not impossible. Czech officials claim that Canadian manufacturers should do more to acquaint the trading corporations with details about their products and add that trade enterprises in Czechoslovakia are interested in building up long-term business relationships with Canadian suppliers.

In recent months, several of the foreign trade corporations have expressed interest in such things as pharmaceutical raw materials, machinery and equipment for the chemical industry, electrical generating equipment, newsprint plant and equipment, radios, steel tubing, sheet steel, wire, copper and zinc, household appliances, automotive accessories, fishmeal, and others. In the past few years Czechoslovakia has bought from Canada (in addition to wheat and barley) chemicals and pharmaceuticals, vaccines, frozen pork, synthetic rubber, nickel, copper, asbestos, hides and skins, seeds, wool rags and waste. She is selling to Canada a wide range of textile specialties, glass, light and heavy engineering equipment, confectionery, boots and shoes, furniture, household appliances, optical and photographic equipment, automobiles, tractors, and jewellery.

Officials of the Czech trading corporations who may be interested in Canada as a source of supply often stress the need for barter or "parallel" trade involving Canadian and Czech products. They are becoming gradually familiar with the fact that the Canadian Government does not have facilities for such transactions and are realizing that Canadian traders are generally not interested in business on these terms. Certain Canadian producers or exporters have, however, been able to enhance prospects for selling their goods by purchasing in return certain Czech products.

Canadian firms who write to or visit the foreign trade corporations should provide them with several copies of offers and of sales and technical literature to be distributed to the various departments of the corporations and perhaps circulated to end-users outside.

Canadian businessmen who are visiting other parts of Europe and are thinking about business with Czechoslovakia might find it worthwhile to include Prague on their itineraries. It is simple to make contact with foreign trade corporations concerned with specific products. The fact that export and import trade is centralized in the hands of a relatively small number of such enterprises means that one's stay in Prague need not be long. Visits to factories and discussions with personnel there are possible but somewhat difficult to arrange and requests of this type should be made well in advance of a visit to the foreign trade corporation. Prague is within easy reach of most European capitals—the flight from London takes only 3½ hours and from Frankfurt only 90 minutes—and hotel and other facilities are good. Visas are necessary and can be obtained from the Czechoslovak Consulate-General in Montreal or the Czechoslovak Legation in Ottawa. Bona fide businessmen do not usually find visas hard to secure but should apply for them well in advance of departure because the application is generally referred to Prague for authorization to issue the visa.

In August and September, Czechoslovakia has an International Engineering Fair—to be held in Brno from September 11 to 25, 1960. (Brno is the country's second city, not far from Vienna.) Canadian businessmen might wish to visit this fair.

The Commercial Counsellor and the Assistant Commercial Secretary at the Canadian Embassy in Vienna—both of whom are accredited to the Government of Czechoslovakia—visit Prague regularly and are prepared to assist Canadian businessmen who express an interest in doing trade with Czechoslovakia. ●

See also articles on trading with Czechoslovakia published in the December 20, 1958, and November 7, 1959, issues of Foreign Trade.

Peru Encourages Foreign Capital

PERU has adopted a new law designed to reduce imports and encourage investment in the country. This Industrial Promotion law will offer incentives to local and foreign capital and aid the establishment of new industries away from Lima, particularly in the mountainous and jungle areas. It promises new and established manufacturers extensive tax concessions and adequate tariff protection. It will interest Canadians on two counts: first, as an incentive to establish branch plants or make licensing arrangements in Peru, and second, because it could mean higher tariffs that may work against Canadian and other foreign suppliers.

The law divides industrial enterprises into those that manufacture basic articles and those that do not. The general definition of basic articles is raw or semi-finished materials, machinery, equipment, tools, vehicles or any other articles of fundamental importance in the development of agriculture, mining or industry.

Established enterprises, or those that may be set up to manufacture basic articles, will enjoy permanent exemption from import duties on new machinery or equipment that does not compete with that produced in Peru. They will also enjoy exemption from import duties on essential raw materials or semi-finished goods not in competition with national production.

In addition to the above permanent exemptions, there are temporary tax benefits. An enterprise set up within the next ten years to manufacture basic articles not produced in Peru will be exempt from all major taxes for three years if it locates in the Lima area, five years if in the rest of the coastal region, ten if in the mountain provinces, and fifteen years if in the jungle. The exemptions date from the beginning of operations. After conclusion of the three, five, ten, or fifteen years, the firms will pay some taxes but will continue to be exempt from others. There are also provisions for tax exemption on reinvested profits, and for increased depreciation charges and other concessions.

Established firms and new firms that will produce basic products already manufactured in Peru will benefit from the Industrial Promotion Law, but to a lesser degree. They will be permanently exempt from import duties on machinery, raw materials and semi-manufactured goods. Unlike the above, they will never be exempt from all taxes, but for fifteen years they will be granted some tax exemptions and concessions on reinvestment of profits and depreciation.

Enterprises manufacturing articles not considered basic will receive similar tax benefits, but their exemption from import duties will range from 50 to 100 per cent, rather than being automatically 100 per cent.

The new law assures Peruvian manufacturers that they will be operating in a protected market. They will have to meet internal competition from other Peruvian producers but import duties should largely exclude foreign manufacturers. The act states that "articles manufactured in the country will have adequate tariff protection". The law contains provisions for the Executive Power to review the Peruvian tariff annually and to raise import duties where this is considered necessary to protect local industry. The law obligates the Government to buy Peruvian goods in preference to imported ones, if the quality of the national product is adequate.

—*continued on page 15*

Fairs and Exhibitions

Choosing Chicago for a Trade Display

LAST year, the Department of Trade and Commerce recognized, in company with over one million buyers from all over the world, that Chicago is one of the top trading centres in the United States. Making a bid for a share of the consumer's dollar in one of the highest per capita income areas in the country, the Department participated officially in five big Chicago trade shows. These were the *International Trade Fair, National Sporting Goods Show, International Specialty Food and Confection Show, National Association of Home Builders Show* and the *National Metals Exhibition and Congress.*

From the more than 300 trade fairs that are held in that city every year, how does the Department choose the ones in which it will take part? First, it sizes up the market possibilities for a group of Canadian products; this is done by the Chicago-based Trade Commissioners. If it can be shown that there is a market potential for these products or that Canadian sales can be expanded, then the Trade Commissioners try to locate a suitable trade fair. A number of likely ones are visited and a full report on each prepared. The quality of the fair is assessed—this includes noting the area that it serves, the type of buyers it attracts, costs of participation, etc. In most instances, the shows selected are revisited the following year to confirm the first opinion. Normally, it is only after this second visit that the fair is finally recommended to Ottawa for government participation.

The Trade Commissioners then call on possible buyers to stir up interest in Canadian suppliers. Lists of buyers to be invited to the Canadian stand are made up from files in the Chicago office and from names sent in by participating Canadian firms. Over 500 personal letters are sent out inviting these key buyers to the display. In addition, a second and wider mailing campaign pushes promotion material about the Canadian products to be shown. The Chicago office also contacts local newspapers before and during the event, feeding them publicity about the Canadian exhibits.

When the fair is over, the Chicago officers follow up by visiting interested buyers. If visits are not practicable, they write to the firms, asking whether or not buyers were able to make contact with suitable Canadian exporters at the fair; if not, could the Chicago office be of further assistance?

Businessmen who feel that they could profit from exhibiting at any of the Chicago shows in which the Government participates should write at once to the Department of Trade and Commerce, Ottawa. They will receive complete information about the exhibitions and opportunities for sales, and will be told how to go about making the necessary arrangements.

—G. F. OSBALDESTON, *Vice Consul and Assistant Trade Commissioner, Chicago.*

If You Want to Exhibit in Finland . . .

WITH Canadian-Finnish trade rising slowly but steadily and Finland's foreign exchange position improving, it might be worthwhile to take a look at opportunities for exhibiting in Finnish trade fairs.

From the Chargé d'Affaires of the Legation of Finland comes this information. Every spring for four consecutive years a general or specialized trade fair is arranged in Helsinki, culminating in the *Grand Fair* in the fifth year. Foreign products of a kind not made in Finland are accepted for display through Finnish representatives. Regional trade and industry fairs are also set up in various Finnish cities and foreign exhibitors are usually welcome. This year's regional exhibitions are the *North Finland Fair* in Kajaani, June 13-21, and the *Tampere Fair* in Tampere, July 3-13. Businessmen interested in the *Spring* and *Grand* fairs should write to: Suomen Messut Osuuskunta, Mannerheimintie 17, Helsinki; and in the regional fairs to the Finnish Legation at 140 Wellington Street, Ottawa.

British Like Canadian Toys

CANADIAN toymakers are joining the swing to more vigorous sales campaigns in the United Kingdom now that the restrictions on consumer goods have been relaxed. Three Canadian toymaking firms exhibited at the *Harrogate International Toy Fair* in January and, according to A. Worden Evans, Canadian Government Trade Commissioner in Liverpool, many more could have followed their lead and profited from the venture.

What are his reasons for this view? He lists four: 1. British buyers at the January show were obviously interested in Canadian toys. 2. Exhibiting arrangements can be handled by U.K. agents of the interested firms. (Exhibitors, in fact, are all British, but products of foreign manufacturers are shown by their U.K. representatives.) 3. The fair caters only to wholesalers; the general public is excluded. 4. Exhibits are generally not elaborate and the cost of participation is therefore reasonable.

Mr. Evans strongly recommends that Canadian firms support their British agents and persuade them to take part in the 1961 show.

In the "City on the Water" . . .

EVERY year Japan stages an *International Trade Fair,* alternately in Tokyo and in Osaka. This spring, some 1,200 Japanese firms and businessmen from 21 countries are displaying goods in Osaka, April 9-26, and exhibit space has grown to 180,000 square metres with the completion of the new five-storey International Trade Centre. The United States, West Germany, Australia, Czechoslovakia and South Vietnam will have national pavilions.

Attendance at the Osaka fair in 1958 reached 1.26 million, with 142,000 registered buyers. The general public is admitted only on special days and buyers need not be afraid of being crushed by the 1.2 million! The rush for space at Osaka is over for this year but it is not too early to think of exhibiting at Tokyo in 1961; applications for space are usually accepted any time after May 1 of the preceding year. Anyone who wishes to look in on the 1960 Osaka exhibition should write for hotel accommodation to the Japan Travel Bureau, Osaka Branch (c/o Osaka Station). Fair organizers assure us that interpreters are always on hand at the grounds to serve Western businessmen.

Germany Welcomes Foreign Exhibitors

ACCORDING to our Trade Fairs Abroad Office, the following 1960 trade fairs reported to us by the Embassy of the Federal Republic of Germany should be of interest to Canadian exporters.

In March, April and May (too late for applications but not for visits) are: the *European Fur Exhibition,* Frankfurt (Main), April 28-May 1, featuring raw furs and manufactured pieces; the *German Industries Fair,* Hanover, April 24-May 3, machinery of all kinds and consumer goods; the *International Toy Fair,* Nuremburg, March 3-8, and the *German Handicraft Fair,* Munich, May 11-22. Exporters who would like to keep track of these fairs for next year could write to the organizers listed here in order: Frankfurt Rauchwaren-Messe GmbH., Börse, Frankfurt (Main); Deutsche Messe-und Ausstellungs-AG., Messegelände, Hanover; Spielwarenmesse GmbH., Berliner Platz 24, Nuremburg; Varin für Handwerks-Ausstellungen und Messen e.V., Theresienhöhe 14, Munich.

Later this year, the Germans are sponsoring four other trade fairs of interest to Canadians; two of them (the hardware and leathergoods fairs) are held in both spring and fall. The four shows are: the *German Industries Fair,* Berlin-Charlottenburg, September 10-25, apply to Berliner Ausstelungen, Masurenallee 5-15, Berlin-Charlottenburg; the *International Household Goods and Hardware Fair,* Cologne, September 9-11, apply to Messe-und Ausstellungs-Ges.m.b.H., Postschliessfach 1, Köln-Deutz; the *International Exhibition of Photographic Apparatus and Materials,* Cologne, September 24-October 2, (same organizer as the preceding fair), and the *International Leathergoods Fair,* Offenbach, August 27-September 1, apply to Offenbacher Messe GmbH., Kaiserstrasse 108-112, Offenbach.

Belgian Fairs in 1960

Brussels International Industries Fair, Heysel-Brussels, April 30-May 11, at the Palais du Centenaire, Brussels. Products include all categories of consumer and capital goods. About 4,300 exhibitors are expected (2,500 foreign) and about one million visitors.

International Industries Fair, Ghent, September 17-October 2, at the Palais des Floralies. Products are the same as in the Brussels International. About 1,200 exhibitors are expected (600 foreign) and about 450,000 visitors.

International Industries Fair, Liège, June 2-16. The theme of this fair varies from year to year. In 1960 products include mining, metallurgical, mechanical engineering and electrical equipment—also handicrafts and other goods. Applications should be addressed to: 17, boulevard d'Avroy, Liège, Belgium.

French Fairs in 1960

OF the seven large international fairs held in France this year, five of the biggest expect from one to four million visitors each. They display all types of consumer and capital goods, many from foreign exhibitors. The exhibition at Bordeaux takes place from June 12 to 27, the one in Lille from April 24 to May 8, Lyon March 12-21, Marseille September 22-October 3 and Paris May 14-29.

The following specialized fairs in 1960 accept foreign exhibitors:

International Office Equipment Fair, Puteaux, October 14-23. Apply: M. Max Hermieu, Commissaire Générale, 6 place de Valois, Paris.

Packaging and Publicity Fair, Puteaux, October 14-23. Apply: M. Olive, Gérant, 40 rue du Colisée, Paris.

International Hotel and Cafeteria Equipment Fair, Paris, October 13-24. Apply: M. A. Willard, Président, 13 rue de Liège, Paris.

International Plastics Fair, Oyonnax, June 15-20. Apply: M. Prestavoine, Commissaire Générale, Hôtel de Ville, Oyonnax.

International Leather Fair, Paris, September 8-13. Apply: M. P. de Cardaillac, Commissaire Générale, 2 rue Edouard VII, Paris.

High investment and greater diversification have induced rapid growth in the French chemical industry. This may hurt Canadian sales of certain chemical products, but exporters should find new opportunities in providing raw materials for this expanding industry.

French Chemical Industry Booms

C. T. CHARLAND, *Assistant Commercial Secretary, Paris.*

HIGH and sustained capital investment and an increasing diversity of products have turned the chemical industry into a major factor in France's economy. Although progress has been uneven, the over-all picture for 1958 and 1959 has been one of rapid, and in some cases spectacular, growth.

With a 1958 turnover of more than fr.1,200 billion ($2,860 million), France now ranks as the world's fifth largest chemical producer. Almost all sectors of the industry have contributed to this growth but petroleum and organic chemicals have chalked up the greatest gains.

Production of chemicals increased over the preceding years by more than 15 per cent in 1957 and by more than 10 per cent in 1956. Since 1952, total output has more than doubled; inorganic chemicals have risen 3½ times. In 1958, growth of the chemical sector (14 per cent) outstripped that of French industry as a whole (5 per cent). Although the rate of growth was expected to reach only 7 per cent in 1959, the chemical industry did not lack vitality and played an even greater rôle in the economy. In 1958, the output of organic chemicals showed the greatest change—21 per cent over 1957. Inorganic chemicals followed, 10 per cent, and then parachemicals*, 8 per cent. Table I confirms how in 1958 chemicals outpaced other French industries. Table II gives production figures for various sectors of the chemical industry.

*Parachemicals are compounds which, because of their unrefined or impure state, cannot be classed as either organic or inorganic. They include certain types of abrasives, cleaning preparations, paints and varnishes, disinfectants and insecticides, films and photographic products.

Foreign Trade

France ranked fourth among world exporters of chemicals in 1958, selling fr.163 billion ($390 million) worth, including fr.63 billion to the franc area, an increase of 16.5 per cent over 1957. During the first half of 1959, the volume of foreign sales rose 20 per cent and for the first time chemical exports from France exceeded imports. The leading customers were the United States and Germany, which between them took 17 per cent. The major increases were in organic chemicals, pharmaceuticals, fertilizers, essential oils and perfumery, and plastics.

Imports continued to increase but at a slower rate than exports, rising by 9 per cent to fr.115 billion ($272 million). Leading suppliers were the United States (31 per cent) and Germany (21 per cent). Canada accounted for $10 million, chiefly synthetic rubber. Table III gives import-export figures for the years 1957-1958.

Development Uneven

Total production of fertilizers continued to increase in 1958, chiefly because of large exports to the franc area. Development by product, however, was uneven; output of nitrogenous fertilizers rose only slightly while phosphates and potash forged ahead.

Table I

Index of Industrial Activity in France

(1952=100)

	Monthly Averages 1957	1958
All French industries other than building	146	155
Chemical industries:	184	210
Inorganic chemicals	152	167
Organic chemicals	294	356
Parachemicals	147	158

Source: Institut National de la Statistique et des Études Économiques.

Table II

Production Indices

(1952=100)

	1957	1958	1959 6 mos.
Inorganic Chemicals	152	167	179
Sulphuric acid	134	150	156
Copper sulphate	104	79	90
Sulphur	128	132	172
Fertilizers	170	193	212
Sodium carbonate	130	116	111
Zinc oxide and lithopone	147	171	177
Calcium carbide	125	153	147
Trisodium phosphate	101	115	129
Gaseous chlorine	197	231	250
Organic Chemicals	294	356	384
Synthetic materials	396	504	582
Plastic materials	362	445	446
Dyestuffs	151	132	144
Tanning extracts	92	95	99
Gelatins	163	175	188
Parachemicals	147	158	171

Source: I.N.S.E.E.

Output of dyestuffs, which depends heavily on foreign demand, declined slightly in the face of a world-wide recession in the textile industry, the main customer. However, the industry's turnover rose by 3 per cent because of a shift of demand in favour of higher-grade products and a rise in prices in the second half of the year.

Combined production of soap and detergents dropped in 1958—a 12 per cent increase in synthetic detergent production not fully offsetting a 15 per cent fall in output of soap.

Production of plastics, which has increased tenfold in ten years, reached 210,000 tons in 1958. This prodigious development was reviewed in detail in *Foreign Trade* of September 26, 1959.

Output of paints and varnishes increased by 7.7 per cent to reach 400,000 tons in 1958. A study of the French paint industry and its trade appeared in *Foreign Trade* of January 2, 1960.

The petrochemical industry, barely ten years old, has made spectacular progress. Output in 1958 in terms of carbon content reached 118,000 tons—up 50 per cent over the previous year. At the same time, the manufacture of new products, such as raw materials for carbon black and low-pressure polyethylene, began. Altogether, production will likely reach 260,000 tons in 1959.

Investment in the petroleum chemical industry totalled $84.16 million by the end of 1958 as against $69 million in December 1957. Investments estimated at $225 million will be made in 1960-61 under the Third Modernization and Equipment Plan sponsored by the Government and it is predicted that these will step up production by 250,000 tons to make France virtually self-sufficient in the petrochemical field.

The new production facilities will be concentrated mostly on increasing the output of plastic materials, the supply of raw materials for the synthetic rubber industry, and the output of organic solvents. Among the products to be manufactured are

Table III

EXPORTS AND IMPORTS

	1957 Exports*	1957 Imports	1958 Exports*	1958 Imports
	(in billions of francs)			
Coal tar and derivatives	1.4	6.7	2.1	8.5
Chemicals, inorganic	17.1	11.1	17.1	11.8
Chemicals, organic	20.7	21.7	24.7	26.2
Pharmaceuticals	27.6	3.8	32.3	2.4
Fertilizers	9.8	2.8	13.6	1.4
Paints and varnishes	3.2	1.2	3.7	1.0
Tanning extracts	1.5	1.0	1.5	0.9
Dyestuffs	3.9	6.4	4.5	7.0
Essential oils and perfumery	25.2	8.6	27.6	8.9
Cleaning compounds and detergents	4.0	1.7	4.7	1.5
Albuminoids and adhesives	1.5	0.2	1.8	0.2
Explosives	1.2	0.6	1.7	0.8
Photographic products	4.6	1.8	5.8	1.6
Plastics	7.1	15.4	9.9	15.3
Abrasives	0.5	1.2	0.5	1.5
Miscellaneous (including sulphur and synthetic products)	10.1	18.6	11.8	25.9
TOTAL	139.4	102.8	163.3	114.9

Source: I.N.S.E.E.

*Exports also include sales to other countries within the franc zone. The latter reached 52.8 billion francs in 1957 and 62.7 billion in 1958.

78442-1—3½

Table IV

CANADIAN CHEMICAL EXPORTS TO FRANCE

	1956	1957	1958	1959 (11 mos.)
		(in Canadian dollars)		
Acids-n.o.p.			10,520	
Non-potable spirits		16,348	10,957	
Medicinal preparations		3,945	10,387	4,589
Iron oxide	21,000	18,409	15,052	19,405
Paints, n.o.p.	2,000	28,124	17,852	7,000
Soda and sodium compounds, n.o.p.				25,214
Cobalt oxides and salts			28,819	
Synthetic resins, n.o.p.	2,352,000	326,025	407,957	1,126,651
Synthetic resin manufactures		380		2,294
Polystyrene	263,000	173,992	34,118	68,000
Drugs and chemicals, n.o.p.	9,322,000	11,506,669	9,697,035	6,139,869
TOTAL	11,960.000	12,070,892	10,232,697	7,393,022

styrene, butadiene, butyl and nitrile rubbers, ethylene oxide and acetylene derivatives, dodecyl-benzene and propylene and derivatives.

France's first synthetic rubber plant went into operation early in 1959 to produce the first butyl rubber outside North America, at the rate of 20,000 tons a year. The plant is located at Notre-Dame de Gravenchon, near the mouth of the Seine River, and is owned by SOCABU (Société de Caoutchouc Butyl). Production of butadiene is slated to start in 1963 at Berre, near Marseilles, by Société des Elastomères de Synthèse, a joint subsidiary of Shell-St. Gobain and Michelin. Urgine, a prominent steel grouping, has also announced investment in a plant to make nitrile rubber.

The French chemical industry appears likely to continue growing, but at a less feverish pace than in recent years. Sharper divergencies between the sectors are likely, with investment tending toward petroleum and organic chemicals. Plastics and pharmaceuticals should increase their lead as more existing plant capacity is used. The rising production of carbon black, ethylene and acetylene should also bolster the French organic chemical industry.

A chief factor in the current expansion is the supply of sulphur from the Lacq natural gas fields. Containing about 69 per cent methane and unsuitable for transport and consumption in its raw form, the Lacq gas undergoes a series of desulphurization processes that end in the production of purified gas as well as propane, butane, gasoline, ammonia, methanol and heavy water.

Another factor worth bringing out is the impetus given by the development in France of available fuels and power. Power made available from sources other than coal was greatly increased in 1958. For oil the increase over 1957 was 12 per cent, for hydro-electric power 31.5 per cent, and for natural gas nearly 100 per cent.

Canadian Sales and Prospects

An important market for Canadian chemical raw materials for many years, France is now making inroads into some of our traditional export outlets. In 1958, Canadian sales reached \$10.2 million compared with \$12 million and \$11.9 million in 1957 and 1956. Synthetic rubber and synthetic resins made up the bulk of these shipments, with small amounts of polystyrene, paints, iron oxide and medicinal preparations. The table below shows Canada's sales for the last three years and the first 11 months of 1959.

New problems arise in exporting to France as her efforts to attain self-sufficiency gather more speed. For instance, plans to increase local output of synthetic rubber and polystyrene will probably affect our sales of these products. However, as its productivity and diversity increase, the French chemical industry will present an even greater export potential. Canadian manufacturers with an eye to the future should investigate French chemical requirements with a view to providing a steadily larger share of the industry's raw materials.

A wide range of chemical products are now admitted without restriction. Among those showing promise are most inorganics, petrochemicals and medicinal preparations. Plastic raw materials can also look forward to an expanded market. A list of liberalized products was published in *Foreign Trade* on August 29, 1959. Information on the status of individual products can be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. The majority of chemicals are subject to duties ranging from 5 to 27 per cent, though some are duty-free. There are additional sales taxes that also apply to local manufactures.

The Office of the Commercial Counsellor in Paris will welcome inquiries from Canadian businessmen who wish to explore this promisingly buoyant market.

Airmail to Australia

CANADIAN Government Trade Commissioners in Melbourne and Sydney, Australia, wish to remind Canadian exporters that surface mail from Canada to Australia may take from six to eight weeks to reach its destination. The use of airmail not only ensures that Trade Commissioners will have time to attend to inquiries properly, but also makes a better impression on the Australian businessman, who may well question the serious intentions of a correspondent content with mail two months old.

South Africa Regulates Premiums

Canadians selling or intending to sell certain goods, particularly foodstuffs, in South Africa should investigate the regulations before offering gifts or coupons with their products.

THE giving of gifts in conjunction with the sale of any article in the Union of South Africa is regulated by the Trades Coupon Act of 1935. This provides that any person who offers or supplies a "benefit" other than the goods sold is guilty of an offence if the article given has been declared a benefit in the regulations issued under the Act.

The following articles have been declared benefits for the purpose of this section of the Act:

- Any article supplied or given, or offered or promised to be supplied or given, with the sale of tea or coffee, other than the tea or coffee so sold.
- Matches supplied or given with the sale of any goods.
- Any picture postcard or any other article supplied or given by any manufacturer with the sale of cigarettes or tobacco.
- Any picture-card or any other article in the nature of a prize, reward or gift supplied or given, or offered or promised to be supplied or given, by any manufacturer with the sale of sweets.
- Any picture-card or other article in the nature of a prize or gift supplied or offered with the sale of foodstuffs, prepared or unprepared. "Foodstuffs" means any commodity that can be used for human consumption, such as food or drink but excluding sweets in the form of lucky packets and retailed at a price not exceeding 3d. (3½ cents) per packet. Pictures and representations appearing on wrappers or containers are not regarded as benefits.

Apart from these five specific prohibitions, premiums may be offered with products sold.

The provisions of the Act on "trade coupons" are more generally applied and prohibit the supplying or offering of any trade coupon with the sale of any goods, the selling of any trade coupon in the same transaction in which other goods are sold, and the publication of any trade coupon in a newspaper, journal or other printed matter. Trade coupon means anything whatever which, either by itself or together with any other thing or act, entitles or purports to entitle the holder to receive, or to participate in any competition for, any benefits.

This merely outlines the principal features of the Act and is intended as a guide only. Canadian exporters or their agents might well study the full text in detail, if they are proposing to offer on the South African market any products with premiums that might conflict with the Act. ●

Peru Encourages Foreign Capital—*continued from page 9.*

The Industrial Promotion Law is long, running to 164 articles. In addition to establishing the concessions outlined above, it provides rules to protect the rights of those holding patents, industrial designs, trademarks, slogans, and commercial names. It also sets up an institute to prepare technical and industrial standards. These standards will not be obligatory, with the exception of those for food and pharmaceutical products, but Peruvian goods that meet these standards will receive the right to use a special seal stating so. Finally, the law establishes an institute to prepare and publish statistical information, to study Peru's industrial potentialities, and generally to stimulate investment in new industry.

The terms of the law are generous and it makes no distinction between foreign and domestic capital. It does not require a percentage of the capital to be Peruvian nor that management personnel be Peruvian. However, existing labour laws require 80 per cent of the employees of all firms to be Peruvian. The law is also generous in its interpretation of manufacturing and assembly plants will be eligible for all the privileges conceded by the law. Peru's lack of exchange controls and her recent history of stable government have been attracting foreign capital and this new law should bring in still more.

Readers who would like further information on Peru's Industrial Promotion Law should write to the Department of Trade and Commerce in Ottawa or to the Commercial Secretary of the Canadian Embassy in Lima, Peru.

—W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

Commodity Notes

Aircraft

AUSTRIA—The Simmering-Graz-Pauker A.G., Vienna, Austria, is planning to bring out an executive type aircraft under the designation M 222 by mid-1960. The plane is to be reasonably priced. The prototypes themselves have cost less than $40,000 each. The SGP hopes to be able to make delivery within eight months—Vienna.

Aluminum

NORWAY—Large amounts of Norwegian aluminum were shipped to Communist China last year. These shipments, probably the first Norway has ever made to China, have totalled over 10,000 tons worth Kr.33 million since the fall of 1958. Payment has been made in pounds sterling. In the first eight months of 1959, shipments totalled over 5,000 tons valued at about Kr.16.7 million. During this period Communist China was the fifth largest buyer of Norwegian aluminum, ranking after the United Kingdom, the United States, West Germany and Sweden. Norway's exports of aluminum to all countries totalled 80,750 tons worth Kr.277.7 million during the first eight months of 1959, an increase of 16,515 tons and Kr.35.5 million over January-August of the previous year—Oslo.

Animal Feeds

CUBA—The National Institute of Agrarian Reform (INRA) has been given wide powers to regulate the trade in balanced feeds for cattle and poultry, as well as the raw materials used in their manufacture. The measure aims at low-cost production of feeds to aid expansion of the country's cattle and poultry industry for both domestic supply and export. INRA's powers are: regulation and supervision of purchases and grading of raw materials used in making cattle and poultry feeds; supervision of manufacturing formulas; import of raw materials as required; export of raw materials and balanced feed surpluses at competitive prices; issuance and enforcement of such supplementary regulations as will aid the industry's expansion and economic stability. The local raw materials coming under these controls are: rice mill screenings; wheat bran; coffee hulls; pineapple canning residues; brewery by-products; bone meal and tankage; fishmeal; calcium carbonate; urea; minerals; dicalcic phosphate and mineral concentrates; peanut, soybean and cottonseed meal and cake; corn and millet—Havana.

Automobile Parts

VENEZUELA—A Venezuelan industrial promotion firm recently announced that a new company called Industrias Integradas S.A., with a capital of Bs.10 million, has been established to produce automobile parts, cushions, air-conditioning equipment and refrigerators. Its first plant will be situated at Valencia. Production plans indicate that automobile parts will be the initial products, with other lines added later—Caracas.

Cod

PUERTO RICO—The Puerto Rico Price Administration recently announced an increase in ceiling prices of dry and semi-dry salted cod. The decision was taken after careful study of the market and extensive consultations with representatives of the trade. The new controlled prices, effective January 12, are $21.00 per 100 pounds on sales to wholesalers, $22.00 per 100 pounds on sales at wholesale, and 25 cents per pound at retail for dry cod. The new rates for the semi-dry variety are $19.00, $20.00 and 23 cents—Ciudad Trujillo.

Dried Milk

FIJI—A new milk-treatment station, opened near Suva in late October, may reduce the colony's dependence on imported milk products, on which some F£156,000 ($350,000) is spent each year. Built at a cost of F£75,000, it can supply a considerable proportion of local demand—Wellington.

Iron Ore

VENEZUELA—The principal iron ore producer in Venezuela, the Orinoco Mining Company, announced recently that it exported 14,556,022 metric tons of ore during 1959, an increase of more than 1½ million tons over 1958. Orinoco Mining sells about 70 per cent of its production to its parent company, United States

Steel. The remainder goes to customers in Venezuela, the United Kingdom, Germany, Italy and Japan—Caracas.

Machinery

BRAZIL—The São Paulo State Government has signed a contract with a Czechoslovak firm for the supply of machinery for a 160,000 kw. hydro-electric power plant to be built at Bariri, on the Tietê River. Payment for 70 per cent of the order, totalling about U.S.$8 million, is to be made in coffee—São Paulo.

Mica

INDIA—India is expected to sell larger quantities of mica abroad in 1959 than during 1958. Shipments of this commodity during the first eight months of the past year totalled 14,885 tons compared with 19,610 for the whole of 1958—Bombay.

Motor Vehicles

NEW ZEALAND—The number of motor vehicles assembled in New Zealand declined substantially in the production year ended March 31, 1959. The 13 factories assembled only 34,300 units in 1958-59, compared with almost 43,000 in 1957-58 and approximately 40,000 in the two previous years. However, the number of commercial vehicles assembled increased.

Imports of "built-up" motor vehicles have also decreased. Figures for assembled automobiles and trucks show a steady fall from 17,000 units in the calendar year 1955 to 470 units during the first six months of 1959.

A further slight decrease in imports of unassembled vehicles and a larger quota for built-up cars and trucks have been provided for in the preliminary 1960 import program. Some adjustment may be made during the year if the overseas trading picture continues to improve—Wellington.

Oil

CUBA—Recent legislation provides that no new oil exploration or exploitation concessions will be granted, and present holders of concessions must meet approved standards of drilling activity. Operators of oil wells will pay a tax of 60 per cent of the output, in cash or kind. The new law also establishes the Cuban Petroleum Institute, with wide powers to engage in the exploration, exploitation, refining, distribution, purchase or sale of petroleum and its products, and to develop a petrochemical industry in Cuba—Havana.

Plate Glass

COLOMBIA—Production of plate glass in Colombia is expected to begin early in 1960. Peldar, a manufacturer of bottles and other moulded glass products at Zipaquirá, near Bogotá, has built a plate-glass plant at a cost of 30 million pesos and expects to produce enough to meet Colombia's needs—Bogotá.

Pulp

SWEDEN—The Swedish pulp company Hylte Bruk is aiming at producing 280,000 tons of sulphite pulp a year by the end of the 1960's. The company's new mill in Nymölla will turn out half of this amount, and the two mills at Hyltebruk and Oskarström (which are both being expanded) the other half. In two years, the first stage of the Nymölla mill will have been completed and production of bleached pulp will total about 70,000 tons; this will be doubled on completion of the second stage and most of the pulp will be exported. It is reported that Hylte Bruk will use a new method with magnesium as base, permitting the use of nearly all kinds of wood as raw material.

The Oskarström mill, which at present turns out over 30,000 tons of unbleached sulphite, will continue to produce unbleached pulp and is being expanded by about 20 per cent. It will be further extended in the mid-1960's to give it a capacity of 70,000 tons. It will thus be Sweden's biggest producer of unbleached sulphite pulp—Stockholm.

Radioactive Cobalt Unit

IRELAND—By agreement with the Cancer Association of Ireland, a radioactive cobalt unit for the treatment of cancer will be installed soon in St. Luke's Hospital, Dublin. The unit will be shared with two other hospitals—Dublin.

Rolling Stock

INDONESIA—It is reported that Indonesia has issued a war reparations procurements order for railway rolling stock made in Japan. The order was placed with the Mitsubishi heavy industries and Nippon Railway Rolling Stock Company for a total of 50 ten-ton capacity boxcars, 20 cattle cars and 10 passenger coaches.

The Japanese firms won the orders through public tenders held earlier in the year. Prices offered were said to be about $6,203 per boxcar, $5,228 per cattle car and between $19,341 and $18,735 per passenger coach—Djakarta.

Timber

AUSTRIA—In the first nine months of 1959 Austrian timber production totalled 6.7 million cubic metres, 15 per cent more than in the same period of 1958. Eighty-five per cent of this consisted of coniferous wood. After iron and steel, timber and wood products are Austria's most important exports. In the two nine-month periods they provided about a quarter of Austria's export earnings—Vienna.

Borne along on the rich harvest of the Humboldt Current, Peru's fisheries still hold first place among the countries of Latin America. Expanding fleets require up-to-date equipment, some of which Canadians can supply.

Peru Rides a Fish Boom

W. J. JENKINS, *Assistant Commercial Secretary, Lima.*

PERU today has taken a still stronger hold on its position as number one fish producer in Latin America. Exports of fish products during the first quarter of last year more than doubled in value over the same period of 1958. During the first three months of 1959, fishmeal became Peru's third major export, after cotton and sugar. Fishmeal exports during the quarter totalled about $5.4 million; by contrast, during the whole of 1947 they reached only $14,000. Today, Peru has over 70 fishmeal plants operating or under construction, and more than 3,000 registered power fishing boats.

Fishmeal Leading Export

Peru's exports of fishmeal in 1959 may have reached 200,000 tons when all reports are in; this would make it one of the world's largest exporters of this product. The table on page 19 shows principal marine exports in 1957 and 1958, and the dominating position of fishmeal in the fishing industry.

Principal export markets for Peruvian fishmeal are the Netherlands 31 per cent, United States 26 per cent, Germany 25 per cent, and the United Kingdom 10 per cent. Practically all of Peru's fishmeal and about 84 per cent of its canned fish are exported. In 1958 the United States was Peru's best customer for canned fish, taking 54 per cent of production, followed by Britain 20 per cent, Canada 7 per cent, and Germany 5 per cent. Canada imported about $172,000 worth of canned bonito-tuna from Peru during the first half of 1959.

About four-fifths of the Peruvian catch is anchovies that are processed as fishmeal. The only other major fish variety is bonito, a member of the tuna family, that is canned and exported to North America as bonito-tuna, and to other foreign markets (including the U.K.) as tuna. Some fishmeal is made from shad, mixed with waste from the canning operations. The Peruvians harvest about 20 minor varieties of fish and sell most of them fresh on the local market. About 90 per cent of the yearly catch is processed, 8 per cent eaten fresh, and the remaining 2 per cent salted.

Whaling in Peru is expanding steadily, though at a slower rate than the fishmeal industry. Peru

In a Peruvian fishing port, the day's catch of anchovies is pumped from the hold of a seiner onto the conveyor belt of a reduction plant, or into waiting trucks.

has three plants that exported about $1.3 million worth of sperm oil and whalemeal in 1958. In addition, some frozen whalemeat was sent to the U.S. for animal food. One of the world's principal concentrations of sperm whales occurs off this coast.

Since 1940—Boom

Running along Peru's 1,400-mile-long coastline is the Humboldt Current, with its rich upwellings that provide a constant supply of food for marine life. For centuries the principal harvesters of this sea life were not men but millions of sea birds, the guano. The excrement of these birds, an excellent fertilizer, became deeply encrusted on the islands off the Peruvian coast.

In the 1800's guano fertilizer developed into a major industry characterized by speculation and enormous profits. The boom collapsed and the industry now operates on a modest scale as a state monopoly. The decline of the guano industry has been counterbalanced by the rise of the fisheries, now the principal exploiters of the wealth of the Humboldt Current.

Before 1940 the fisheries of Peru consisted only of small sailboats operating for the local market. Refrigeration was unknown. During the war Peru began producing fish livers and salted fish. The first small cannery was built in 1940 and the strong demand for canned fish at the end of the war caused a rapid expansion of canneries. In 1950 the first reduction plant for anchovy and herring was built and plants have been going up ever since.

Anchovies and other fish used for fishmeal are caught by purse-seiners working from boats about 60 feet long. Tuna was originally caught from 30-foot open-line boats, but these are gradually disappearing. There are about a dozen clippers based in Peru that are fishing tuna by hook and line. There are also several large purse-seiners, one of which landed 3,300 metric tons in 1958.

Fishing Boats in Demand

The fever of the boom in the fishing industry has spread to the shipbuilders and new yards are appearing frequently. At least one hundred 60-foot seiners were built in Peru in 1959. Most of the boats are wood, although the two biggest Peruvian yards are making steel craft. Generally the over-all length is 60 feet but this is gradually increasing.

Fortunately for the Peruvian fishermen, the fish are close to home. Boats usually leave port in the early morning and return before sundown. Fishermen do not demand great speed from their boats but they do insist on enormous cargo capacity. The 60-foot seiners have an 18-foot beam and the motor is placed well forward; therefore most of the boat carries cargo. Generally the boats hold almost 50 tons, but fishermen often load them to almost double their capacity. There is a two-foot bulwark and fish are carried on the deck—in fact, in almost every other free space on the boat.

The planking and keel of the wooden boats are of Oregon pine imported from the United States; frames are made of Peruvian oak, or preferably the local huarango which is very hard. The bottoms are covered with copper; they may thus be kept in the water continuously for from three to five years. Some efforts were made to use fiberglass instead of copper but it was found to be too expensive. The motors are generally 250 h.p., and are bought either from Caterpillar or General Motors of the U.S., or from Baudouin of France. Fishermen buy their boats on extended credit terms; shipyards do not offer credit but it is the practice of the firm selling the motor to finance the entire cost of boat and motor.

In answer to the abnormal demand, some shipyards have been opened that lack the experience to turn out a good boat. The result is that the better Peruvian yards are swamped with orders, and some of the fishing companies are looking abroad for their boats. Several craft were recently imported from France, though the freight costs were exorbitant.

Nylon Nets from Canada

Until 1955 all the nets used in Peru were cotton, but these have been rapidly disappearing following the introduction of Canadian nylon nets in 1955. The Canadian company and its representative in Peru passed successfully through the difficult stage of introducing a new product to conservative buyers and by the end of 1957 annual sales had reached $308,000. This success attracted competitors and Japanese synthetic net manufacturers entered the market strongly. The prices of the Japanese nets are lower than Canadian prices, but Peruvians still recognize the superior quality of the Canadian product.

Until recently, the fishermen used little electronic equipment to help them find fish. As they gain experience, however, their methods are becoming more refined, and Canadian manufacturers of this

PERU'S MAIN MARINE EXPORTS

	1957		1958	
	Volume (metric tons)	Value ('000 U.S.$)	Volume (metric tons)	Value ('000 U.S.$)
Canned fish	19,271	9,114	13,321	5,317
Fishmeal	61,645	7,107	105,777	11,633
Frozen fish	12,738	1,943	16,577	2,280
Sperm oil	4,491	840	7,352	1,105
Fish oil	4,338	599	1,643	192
Whalemeal	1,300	118	1,695	169

equipment could possibly find a market in Peru.

Plants Are Simple

A Canadian visiting a Peruvian fishing plant will be struck by the simplicity of the operation. The entire coast of Peru is a rainless desert that enjoys moderate temperatures. The Peruvian reduction plant may thus be simply a cement floor on which the cookers and other equipment are placed. The property is generally surrounded by a fence, but there is little need for walls or roof. The fishmeal is packed in jute sacks and can be stored outdoors.

The canneries are also simple structures, although some form of light roof is needed to protect the workers from the sun. Much of the canning operation is done by hand, mainly by girls. Cans are made locally of imported tinplate, some of which is Canadian. The fish are packed in Peruvian cottonseed oil.

Pace Slackens

The most apt word to describe the growth of Peruvian fishing is a boom, though it is generally felt that activity will soon have to level off. During the past year some fishmeal plants have sprung up on uneconomic sites and under inexperienced management. In addition, many of the fishmeal plants are not at water's edge, and operators are faced with the cost of trucking the fish to their plants. The recent 30 per cent drop in the world price of fishmeal may force some of the uneconomic producers in Peru to shut down, or at least reduce the incentive for new operators to enter the field.

Taking all these factors into account, the Peruvian fishing industry probably will not continue to expand in the coming year at a rate similar to that during 1959. But it is an industry that has numerous natural advantages in this country, and Canadians should expect Peru to remain one of the world's important fish producers. ●

Cuba Imports Plywood

CUBA'S consumption of plywood has been growing in recent years: imports in 1958 reached nearly 18 million pounds and came from 19 different countries. The largest supplier was Surinam (Dutch Guiana), with about one-third of the market, followed by Equatorial Africa and France. The United States supplied about 6 per cent of the market and Canada about 3 per cent.

Most of the plywood imported into Cuba is used for the manufacture of furniture and doors, and cheaper types are preferred. Canada and the United States are able to compete in the Cuban market with their Douglas fir plywood. This is more expensive than many other types, but it is durable and waterproof, and is in demand for making concrete forms, boats, bus bodies, and refrigerator walls. It is also well suited to other industrial and outdoor uses where it is exposed to moisture. Plywood is not used very extensively in Cuba for general building purposes since, because of the effects of termites, humidity, heat and rain, such materials as cement, ceramic tile, marble and local hard and soft woods are found more satisfactory. Hardwood plywood from Canada and the United States has not made any headway in this market, in the face of very cheap supplies from Equatorial Africa. However, some walnut plywood is imported from the U.S.

New factors in the Cuban market are the current proposals by at least two different groups to build plywood factories in Cuba. One of these groups represents the plywood industry of Surinam and another is composed of local lumber importers, with reported participation by British and German interests. The plants may turn out chipboard as well as plywood.

Plywood sales during the current year have been very slow, particularly in the first six months, as a result of a slump in residential and business construction and a decline in the furniture industry. In recent months, there has been an improvement resulting from the large government public works program and a partial recovery in the furniture industry. Trade sources are unable to predict market prospects for next year.

Canada's sales of Douglas fir plywood in Cuba face competition from suppliers in the Pacific Northwest of the United States. The Canadian product has a good reputation for quality but agents find it difficult to hold their customers for Canadian plywood whenever United States suppliers quote lower prices. Speed of delivery is also important and mills which offer immediate shipment have a definite advantage over those which manufacture the plywood only after the order is received.

Agents for Canadian manufacturers feel that other foreign suppliers maintain a more flexible pricing policy and, at times, offer special bargains in plywood. Canadian exporters should also make it a point to stress the quality of their products because some Cuban importers tend to consider all imported products to be about the same.

The Cuban duties on plywood are very low in relation to the value and are not an important factor in the trade. Because of the current foreign exchange shortage, foreign suppliers of plywood are generally requesting letter-of-credit terms, since other methods of payment may involve delays.

—R. R. PARLOUR, *Commercial Secretary, Havana.*

Paints and Varnishes

The Market in Italy

Competition from other Common Market members may bring about many mergers among the hundreds of small firms which provide most of Italy's paint needs. Canadian opportunities are limited to a few special products.

J. G. IRELAND, *Assistant Commercial Secretary, Rome.*

THE Italian paint and varnish industry consists of over 500 individual firms, most of which are small and many almost artisan in character. Productive capacity exceeds national demand and the industry can supply most of the domestic market's requirements of paints, varnishes, lacquers and enamels, with the exception of a relatively few products for special uses.

In 1958 Italy produced 8,217 metric tons of water and water-emulsion paints, either in paste or ready to use; 27,025 metric tons of paints, varnishes and enamels with cellulose derivative bases; and 93,818 metric tons of other paints, varnishes, enamels, diluents, dryers and other products ready for use.

Foreign Trade

Italy is a net importer of paints, varnishes, enamels and lacquers, but also exports certain types. Imports have risen steadily in recent years—from a value of about 400 million lire in 1951 to almost 2,000 million in 1958. Exports have also risen, from 220 million lire in 1951 to about 600 million in 1958. Sources of imports have not changed appreciably in recent years.

Italian imports and exports of these products for the calendar year 1958 are given in the accompanying table.

Import Regulations

Duties on imported paints, varnishes, enamels and lacquers vary from 10 to 27.9 per cent ad valorem, with many of the more common types of paints and varnishes entering at 16.2 per cent. In addition to duties, there are other fees and taxes which total about 6 per cent and which are levied on the c.i.f. landed and duty-paid value of the goods.

Italy has liberalized lacquers and also most common types of paints, varnishes and enamels from the dollar area. As a result, shipments from dollar countries, including Canada, can be made without import licences.

A number of products including paints, varnishes, lacquers and enamels from countries outside the Common Market also benefited from the first 10 per cent tariff reduction which Common Market members extended to one another on January 1, 1959. Although the

PAINTS, VARNISHES, ENAMELS, EXTRACTS IN PASTE FORM FOR VARNISHES HOWEVER MADE UP

	Imports		Exports	
	Quantity (metric tons)	Value (millions of lire)	Quantity (metric tons)	Value (millions of lire)
Total	3,731	1,943.0	1,293	594.5
less temporary imports	31	35.4		
West Germany	1,476	742.9	3	2.4
United Kingdom	469	196.3	1	0.5
Sweden	434	145.7	2	1.7
Switzerland	310	153.8	44	15.9
Turkey			206	107.3
United States	639	449.0	1	0.9
Provided for foreign ships and aircraft			416	209.4
ARTIFICIAL LACQUERS				
Total	68	101.3	13	4.3
From:				
United Kingdom	51	72.3		

Source: Italian Central Institute of Statistics.

proposed level of the Common Market external tariff has been published for some of these products, the final rates are still subject to negotiation. At present, Italy obtains her imports of such products from Common Market countries, particularly from West Germany which supplies a substantial percentage—about 36 per cent in 1958, 32 per cent in 1957, and 31 per cent in 1956.

Because of the large number of small firms and the relatively few large organizations that comprise the Italian paint and varnish industry, important side effects are expected within the industry as a result of the Common Market program. Greater efficiency will become of increasing importance and it is felt that this will result in many mergers. Any large-scale improvement in efficiency might well bring a lessening of dependence on imports, particularly those from non-Common Market countries.

Packing

The unit measure in Italy for paints, varnishes, enamels and lacquers is the kilogram (2.204 lb.) for both liquid and solid products. The standard packs for the home user are the one-kilo and five-kilo cans, and products are also sold in containers of 20, 25, 30 and 200 kilos. Foreign exporters must comply with local container sizes. The Imperial and U.S. measures are practically unknown in Italy.

Relations with Agents

Selling paints and varnishes in Italy can be extremely competitive, both for the importer and the domestic producer. The chief importing centres are in the north and agents of foreign firms usually need to maintain consignment stocks either in bonded or national warehouses.

It is reported that some German firms allow their agents up to 90 days' credit and that exporters to this market must be prepared to discuss credit terms. All sales literature must be in Italian. It is common practice for national manufacturers to provide technical assistance to consumers of their products, so agents of foreign suppliers must be prepared to do the same.

Fierce competition generally makes it difficult to locate good agents for foreign firms wishing to enter the Italian market unless new products or products for specialized purposes are offered. Even with these, the exporter must provide considerable technical assistance to enable his agent to compete.

Canadian Opportunities

The general possibilities for Canadian exporters to Italy do not appear encouraging, particularly as long as imports of most paints and varnishes from the dollar area require import licences. Italian purchases are limited principally to new products and quality products for specialized uses such as marine finishes, certain fluorescent and luminous paints, paints for high-temperature use and for electrical conductors, and a few similar types. The best opportunities, generally speaking, lie in types not produced domestically and not available from Common Market countries. The Commercial Counsellor of the Canadian Embassy, Via G.B. De Rossi 27, Rome, Italy, will be pleased to assist Canadian exporters who wish to explore the Italian market further. ●

The Market in Greece

Some scope for quality paint products, but duties are high and extensive advertising needed. Suppliers might work out co-operative arrangement with Greek paint manufacturers.

P. V. McLANE, *Commercial Counsellor, Athens.*

PRACTICALLY all kinds of paints, varnishes and lacquers are produced in Greece in five major paint factories. There are also several smaller plants but their production is insignificant.

Production of paints and varnishes has expanded in recent years with the country-wide construction boom, increased manufacturing of furniture and fixtures, and the rise in the number of automobiles. According to figures released by the Ministry of Industry, production totalled 3,063 metric tons in 1956 and 3,427 in 1957.

The five leading factories and some of the smaller ones also produce dry colours and lithographic inks; production in 1956 and 1957 totalled:

	1956	1957
	(metric tons)	
Dry colours	696	675
Lithographic inks	82	87
	778	762
Grand total of paints, varnishes, dry colours and lithographic inks	3,841	4,190

Production figures for 1958 have not yet been put out by the Ministry of Industry but it is estimated that output increased about 15 per cent over 1957. This rate of increase was expected to continue in 1959.

In addition to the marked rise in output, it is generally agreed here that the increase in variety of types of paints and varnishes and the improvement in their quality are noteworthy. All common types of paints and varnishes are now made, in-

cluding oil-base house paints, alkyd enamels, rubber-base and water-soluble paints, synthetic varnishes and enamels for industrial uses, marine paints and lithographic inks.

The duties and other charges levied on imports of paints and varnishes from all sources (including clearance charges, etc.) range from 50 to 60 per cent on the c.i.f. value. Details on duties levied can be obtained from the International Trade Relations Branch of the Department.

Size of Market

The following table gives imports of the principal types of paints and varnishes during 1957, 1958, and the first half of 1959:

		1957		1958		1959 (6 mos.)	
Tariff-Item	Description	Volume*	Value†	Volume	Value	Volume	Value
171b	Water paints (rubber base)	167	3,774	206	4,506	100	2,202
173c(bis)	Synthetic resin varnishes	300	8,782	399	11,397	186	5,275
173e(bis)	Marine paints	94	1,409	92	1,517	17	439
	Total	561	13,965	697	17,420	303	7,916

*Metric tons.
†Drachmas.

The United States is the leading supplier, followed by Germany, Holland, Britain, and several other European countries, including Sweden, Belgium and Denmark. Israel has also entered the Greek market. Among the well-known U.S. firms that export paints to Greece are Du Pont, Pittsburgh, Sherwin-Williams and Adelphi, with Du Pont by far the largest supplier, accounting for roughly 87 per cent of paint exports from the U.S. to Greece in 1958.

According to trade sources, there are 72 paint agencies in Greece. Practically all leading paint dealers are also distributors for one or more foreign paint brands. In several cases, contractors have paint agencies. To introduce a new brand into the Greek market requires considerable capital, as imports are effected on a letter-of-credit basis and sales made on three to five-month credit terms. In addition, intensive advertising and promotion must be undertaken to meet competition from old established and well-known brands. Quality should be high because the local industry offers relatively good paints. Imported paints are generally used for special purposes (luxury apartments, private motor cars, etc.) by people who can afford to pay higher prices. It is interesting to note that the price difference between Greek-made and imported paints at the retail level is often as high as 50 per cent.

The market should continue to grow as new apartment blocks, houses, etc., are built, more cars bought, and more appliances and other products made locally. As long as Greece maintains a liberalized import regime in paints, imports will also continue to rise, especially for quality paints and for certain types of industrial paints not so successfully produced in Greece. Greek manufacturers of quality finished products prefer to use imported paints for them because of an unexpressed or a subconscious preference for the foreign-made product.

Import Regulations

Since 1953 Greece has had what is described as a "liberalized" import regime for most items, including paints and varnishes. There are no foreign exchange difficulties (dollars are made readily available) or quantitative restrictions, and import permits are issued automatically. For the protection of the domestic paint industry, however, most paint items come under import listing F 100. This requires the importer at the time of obtaining the import licence to deposit 140 per cent of the c.i.f. value (100 per cent of the value of the goods and 40 per cent of the value against import duties). This advance payment in a country where money is scarce and expensive is often difficult. Obviously imports must be effected on a letter-of-credit basis, with the exception of a few paint items, such as marine paints, thinners, dryers, etc., which are classified under import listing F 50. This requires an advance payment of 70 per cent on the c.i.f. value of the goods (50 per cent towards the value of goods ordered and 20 per cent of the value of the goods against import duties). Furthermore, items falling under listings F 50 and F 100 cannot be shipped to Greece on an in-transit basis for sale there, except when they are to be sold to ships.

A detailed breakdown of paints and varnishes according to import listings referred to above is given in the following table:

Import Listing F 100

Tariff items 171a and b—Mineral paints prepared by oil and water

Tariff items 173 a,b,c, c(bis)—Varnishes and varnish paints

Import Listing F 50

Tariff item 171c—Dryers

Tariff item 173d—Coatings of pitchy or bituminous materials, intended for coating metal surfaces, roofs, telegraph poles, etc.

Tariff item 173e—Varnish thinners

Tariff item 173e(bis)—Marine paints

Tariff item 173f—Vitrifiable compounds and enamels for ceramic coating

All kinds of packing are used for shipments to Greece, depending on the source of supply, type of paint, etc. Domestic paints are packed in one-eighth-kilo tins to five-kilo tins. Several European countries ship their paints in kilo containers, others in litres. Britain uses the Imperial quart and gallon and the U.S. the American quart and gallon. There is really no problem in packing.

Under standing import regulations, paint imports are effected on a letter-of-credit basis for items falling under import listing F 100; letter of credit or cash against documents or a combination of these is allowed for items falling under import listing F 50. There is virtually no credit granted by foreign suppliers to paint importers. The only exception is shipments of paints and varnishes—mostly marine—for ships' requirements, which are exempt from the above regulations when sent in transit. We understand that there are certain foreign suppliers who make sizable shipments of marine paints on an in-transit basis.

Local agents expect to receive copious quantities of descriptive literature and often request financial assistance for advertising in journals, newspapers, etc. The paint business is extremely competitive and all means of effective advertising are used to promote sales. Buyers look for descriptive literature with analyses, prices, etc., even if it is in a foreign language.

Canadian Opportunities

There are two avenues of approach open to Canadian suppliers. Quality products can be sold if they are competitively priced and effectively promoted. This calls for a hard-working agent with capital, and extensive advertising. The second approach is for Canadian suppliers to co-operate with Greek manufacturers. With ship repairs taking on a new importance here and the construction boom continuing apace, this is worth serious study.

To date, Canadian paint manufacturers have shown little interest in the Greek market. Meanwhile, local paint dealers and agents have been busy developing business with European and U.S. suppliers so that Canadian sources of supply have never been seriously considered. •

The Market in Denmark

Well developed industry supplies both domestic and certain export markets, but U.S. success with certain products here should encourage Canadian suppliers, particularly of paints for household appliances and coatings for tin cans.

C. F. WILSON, *Commercial Counsellor, Copenhagen.*

THE Danish paint and varnish industry has expanded rapidly over the past decade. In recent years domestic production has exceeded consumption by approximately 10 per cent and exports have exceeded imports, as shown by the table following.

The industry manufactures practically all types of finishes, and at present comprises some 40 factories with a total production valued at approximately 140.5 million D.Kr. in 1958. Most of the factories are small, however, and about 75 to 80 per cent of the total output comes from three or four large companies, two of which have branch plants in various parts of the world. Specialties include cellulose lacquers, synthetic lacquers, plastic enamel, rustproof paints and marine paints, particularly paints for ships' bottoms. The main export markets are in the Middle and Far East but in recent years some sales to dollar countries have developed.

In 1957 the industry employed 1,079 workers and it has a well-trained staff of more than 100 chemical engineers doing research, development and production. Following the Second World War, a Central Research Laboratory was established under the Danish Academy for Technical Sciences.

PAINTS

	1957		1958	
	metric tons	1,000 D.Kr.	metric tons	1,000 D.Kr.
Production	31,988	135,580	32,399	140,499
Domestic consumption	29,323	124,930	29,750	132,029
Imports	1,618	10,481	1,953	12,380
Exports	4,283	21,131	4,602	20,850

Types Produced

In 1958, production included 9,598 metric tons of alkyd paints, 3,410 metric tons of thinners, and 2,462 metric tons of ready-mixed paints, to mention the three largest groups. Of pigmented products, it manufactured 1,878 metric tons of products with water as emulsion and 1,574 metric tons of anti-fouling compositions. It also produced 2,250 metric tons of enamels, including oil enamels containing dry elements other than resins, and 1,469 metric tons of nitrocellulose enamels.

On the domestic market, very long alkyd paints have largely replaced the slower drying oil paints for building coatings and are used in place of stand oil enamels and ordinary alkyd enamels for the painting of interior woodwork. Painting of stuccoed brick houses (which predominate in this coun-

DANISH IMPORTS OF PAINTS AND VARNISHES

	1957		1958	
	metric tons	1,000 D.Kr.	metric tons	1,000 D.Kr.
From United States	295.9	2,347	332.4	2,414
From all other countries	1,321.4	8,134	1,620.8	9,966
Total	1,617.3	10,481	1,953.2	12,380

SOME TYPES IMPORTED

	From United States		From all other countries	
	1957	1958	1957	1958
	(in metric tons)			
Coloured varnishes and enamels with oil or turpentine solvents	63.0	153.6	106.1	155.3
Colourless varnishes and enamels with oil or turpentine solvents	27.1	28.4	166.8	108.5
Varnishes and enamels with alcohol solvents	25.3	35.4	4.3	24.6
Varnishes and enamels with other solvents	152.5	70.8	313.0	342.5
Paint products with oil or varnish	241.1	279.8	62.1	6.7

DANISH IMPORTS OF SOME RAW MATERIALS

	From United States		From all other countries	
	1957	1958	1957	1958
	(in metric tons)			
Toluol	1,413.8	2,155.6	617.8	606.0
Benzol	1,479.5	1,816.0	829.3	1,179.6
Linseed oil	520.3		4,768.9	5,070.2
Vegetable turpentine oil	78.0	9.0	319.8	327.5
Turpentine substitutes	1,048.0	2.2	11,441.2	11,951.1

try) is done with latex paints based on emulsions of polyvinyl acetate or other high polymers, replacing the oil-base paints previously used. Latex paints and flat paints based on high viscosity alkyds are becoming increasingly popular for interior walls. Production of floor varnishes is declining because of the growing use of parquet floors and plastic floor tiles.

The majority of organic coatings used for the finishing of industrial products are manufactured domestically, as are very effective anti-corrosive paints developed to protect bridges, agricultural machinery, etc., in Denmark's often rather humid coastal climate.

Imports Remain Small

Although quantitative import restrictions on paints and varnishes are about to be removed, the Danish industry has received considerable protection up to now and in 1958 imports amounted to only 6.6 per cent of total domestic consumption. West Germany and the United Kingdom are the largest suppliers. As much as 17 per cent of the total 1,953 metric tons imported was purchased from the United States at a value of 2.4 million D.Kr., as shown by the table above.

Above are shown groups of particular interest to Canadian exporters. They reflect principally imports from the United States as compared with imports from all other countries.

The best opportunities for Canadian exports lie within the groups imported from the United States, particularly high-quality specialties for household appliances and coatings for tin cans.

Only three Danish manufacturers produce organic pigments, zinc oxide and synthetic resins. Domestic oil-crushers produce linseed oil and other drying oils and fatty acids. A number of Danish paint and varnish factories make a large proportion of the alkyd resins used in air-drying and stoving alkyd enamels.

The table, left, gives quantitative imports of some raw materials used in the Danish paint and varnish industry. The reader will note that the United States is the largest supplier of toluol and benzol.

The following raw materials were among those used by the Danish paint and varnish industry in 1958:

Raw Material	Metric Tons
Linseed oil	3,015
Turpentine oils, etc.	219
Mineral turpentine	5,087
Other vegetable oils	927
Alcohol	482

Printing Inks

Denmark produces more printing inks than it uses and exports exceed imports, as shown below:

	1957		1958	
	metric tons	1,000 D.Kr.	metric tons	1,000 D.Kr.
Production	2,541	16,135	2,917	18,330
Domestic consumption	2,153	13,802	2,705	17,142
Imports	93	1,076	233	2,222
Exports	481	3,409	445	3,410

The United States supplied 48.4 metric tons of printing inks in 1958.

Import Restrictions, Tariffs

Until now, the Danish paint and varnish industry has been protected by quantitative import restrictions and Danish customs tariff rates on imported paints and varnishes have averaged only 7.5 per cent ad valorem. It is expected, however, that these restrictions will be removed on March 1, 1960, and the customs tariff rates raised to 12 per cent ad valorem. On July 1, 1960, the rate will be reduced by 20 per

cent to 9.6 per cent on imports from the other members of the Seven (the European Free Trade Association), but the 12 per cent rate will continue to apply to imports from all other countries. Thus imports from the United Kingdom will have some advantage over shipments from other sources.

Denmark is a small and highly competitive market. Nevertheless, paint and varnish imports in 1958 totalled 12.4 million D.Kr. and the import liberalization should make it possible for high quality Canadian paints and special finishes to compete for a share of the market.

The difficulties should not, however, be underestimated. Competition between local manufacturers has led to high quality products and comparatively low prices. There are only a few agents and major consumers in a number of instances import direct from foreign suppliers as part of a licence agreement.

Litre measures are used and sales literature, preferably in English, should accompany offers. Consignment stocks are not necessary but it helps if prices can be quoted c.i.f. Copenhagen.

The Commercial Counsellor in Copenhagen will be pleased to examine market possibilities for individual specialties. Interested Canadian exporters should write to him, giving as much technical information as possible on each product, as well as the proposed c.i.f. price, payment and delivery terms, and other relevant details. ●

Transportation Notes

Belgium

GHENT-TERNEUZEN CANAL—The Belgian and Netherlands Governments have signed an agreement covering the joint extension and modernization of the canal linking Ghent with the sea at Terneuzen. The agreement, which must be ratified by both parliaments, will permit the entry to the Port of Ghent of ships up to 50,000 tons and will speed the economic development of that part of East Flanders. Total cost is estimated at $66 million. Belgium will pay for all of the work in its territory and for 80 per cent of construction in Dutch territory, including the new locks at Terneuzen—Brussels.

Colombia

RAILWAYS PLANNED—A mixed commission from Peru and Colombia has been organized to study, among other things, the possibility of building a railroad to connect the commercial centers of the two countries. Under the plan, Ecuador would be permitted to build an additional line to connect with the Colombian-Peruvian road—Bogotá.

Greece

MERCHANT FLEET GROWS—During 1959 the Greek merchant fleet expanded by over four million gross registered tons to 888 vessels. This represents a growth of 59.32 per cent from year-end 1958. Greek-owned tonnage under Greek and foreign flags (including 72 ships of 1,113,890 g.r.t. under construction) now totals 15,382,736 g.r.t. (1,832 vessels), the third largest fleet in the world. In 1959, applications for registration under the Greek flag totalled 193 (1,835,542 g.r.t.)—a record high since the foreign capital investment law came into effect in 1953. It is expected that this figure will be exceeded during 1960 when the draft law on more tax exemptions and concessions is ratified by the Greek Parliament—Athens.

India

SHIP PREFABRICATION—A prefabrication shop to speed up the construction of ships at the Hindustan Shipyard will be established at Vizagapatam. It should cut the time taken for building ships by about six months, to 18 to 20 months of keeling. Since its inception in 1941, the shipyard has built 24 modern diesel cargo ships worth a total of about Can.$50 million—Bombay.

Indonesia

TANDJONG PRIOK HARBOUR EXPANSION—Tandjong Priok, the port serving Djakarta, will expand its harbour facilities this year. The Government has earmarked Rps.66.25 million for this purpose. The extension work at the port falls under the Government's

Five Year Development Program and most of it will be undertaken by the French construction company Citra—Djakarta.

Ireland

NEW AIRPORT AT CORK—By the end of 1961, the new $2.8 million airport now under construction at Ballygarvan, four miles south of the city of Cork, is to be in operation. Regular air schedules will be operated on certain European routes. Two runways are being built, the main one about 4,500 feet long and the other about 3,800—Dublin.

Northern Ireland

RECORD TONNAGE AT BELFAST—For the first time the tonnage of ships cleared through the Port of Belfast has topped the six million mark. Figures just issued by the Harbour Commissioners put 1959 clearance at 6,219,000 tons, an increase of 33,000 tons over the previous year's record. Of this total, foreign shipping accounted for 1,364,352 tons, 60,081 more than in 1958. Clearances at Belfast first reached the million mark in 1864; in 1935 they stood at four million tons.

The Harbour Board's £5 million capital development program is due for completion in about three years and already 25 per cent of harbour accommodation is new or renovated. This includes more than seven miles of quays, extensive storage capacity, and cranes for lifts of up to 200 tons.

Industrial development and the growth of Belfast are closely linked with the progress of the port; the latest figures are thus good indicators of present economic prosperity—Dublin.

Portugal

LISBON SUBWAY—Lisbon inaugurated in December its first underground railway running north and south from one of the city's central squares. The contractors were Portuguese, though a large part of the material was imported from abroad. Carriages and some electrical supplies came from Germany, some of the electrical equipment came from Britain, and pumping, ventilating, power machines, tracks and installation were French. The line is expected to handle some 10,000 passengers an hour and is to be extended eventually to handle 30,000—Lisbon.

RAILWAYS MODERNIZED—The Portuguese railways, which were considerably improved after the war, received state assistance in the First Development Plan (1953-1958) for renovation and electrification costing $22 million. During the Second Development Plan (1959-1964) $43 million will be spent on electrifying the Entroncamento-Oporto line, a distance of 240 kilometres, and for buying 20 electric locomotives, 21 three-carriage electric trains, three restaurant cars, 16 carriages, 15 diesel-electric medium-powered locomotives, two ships for transporting passengers over the River Tagus, and two floating docks for the River Tagus. Railway tracks will be improved and signalling systems modernized.

This equipment will be made mainly in Portugal and bought with available funds. The construction of the 15 diesel-electric locomotives, however, will be financed partly by the second Development Plan and partly through Eurofima—Lisbon.

Turkey

INTERNATIONAL AIR SERVICE—Last August 15 Turkish National Airlines (Turk Hava Yollari) inaugurated its Ankara-Rome service via Istanbul and Athens; this is to be expanded later to Frankfurt and London. The present schedule calls for thrice-weekly service both ways on 48-passenger *Viscount* turbo-prop aircraft. THY has three other overseas services: Ankara-Athens via Izmir, Istanbul-Beirut via Ankara and Adana, and Istanbul-Nicosia via Ankara and Adana. In 1958 the airline carried 394,217 passengers on domestic routes, up 20 per cent over 1957 and 76 per cent over 1956.

Another development in Turkish civil aviation is the decision to build an aircraft repair and maintenance factory at Istanbul. To cost 50 million Turkish liras, the plant will be completed in two years and will employ 1,400 workers—Athens.

United Arab Republic

CANADA-U.A.R. TELEPHONE SERVICE—Negotiations were completed recently establishing telephone service between Canada and the United Arab Republic (Egypt and Syria).

United States

ROLLER-BEARING FREIGHT CARS—Purchase of 3,000 new roller-bearing freight cars to cost $33 million was announced recently by the Louisville and Nashville Railroad. According to the announcement, this is the biggest single order of freight cars equipped with roller bearings to be placed by a U.S. railroad. Although the roller bearings will add $2.4 million to the cost, the railroad considers that the sealed bearing is the best solution to the hotbox problem.

Most of the order goes to Pullman-Standard, which will build 2,600 cars at its Bessemer, Alabama, plant. The remainder goes to American Car and Foundry, St. Louis, Missouri—New Orleans.

Visiting Iran?

Businessmen who are intending to visit Iran this spring are reminded that the Iranian New Year holiday will be observed officially from March 21 to 26 inclusive. A good many Iranian firms will be closed down from March 17 to 25 inclusive. In the circumstances, a business visit to Iran during the Iranian *Aid Novroz* would serve little useful purpose.

Competition Troubles Tea Planters

India's tea industry, hard pressed in export markets by both new and traditional producers, studies solutions to its problems. Canadians, major buyers of Indian teas, will follow developments closely.

H. A. GILBERT,
Trade Commissioner, Bombay.

INDIA produces and exports more tea than any other country; tea has become the leading earner of foreign exchange and provides employment for about a million workers and their dependents. The health of the industry and the prospects for the tea trade are of deep concern to both the Government of India and those who look to tea as a source of revenue or as a means of making a living.

How is the industry faring today? In 1957 tea production reached 673.2 million pounds and in 1958, 704.4 million. The 1959 crop was expected to exceed both these figures on the basis of output in the first nine months.

1959 Production Up

In North India, where tea is grown chiefly in Upper Assam and the Darjeeling and Jalpaiguri districts of Bengal, production for the first three quarters of 1959 reached 398.9 million pounds, an increase of 14.6 million pounds over the corresponding period of the preceding year. In the south—chiefly the Nilgiris and Coimbatore districts of Madras, Kerala and Mysore—production fell from 119.2 million pounds in nine months of 1958 to 107.5 million last year. However, the drop in South India output has to some extent been offset by the larger crop in North India.

Exports Decreasing

A significant feature of the Indian tea economy is the large percentage of the crop sold on the export market; as a result, export prospects influence production considerably. In the prewar years 1936-38, average annual exports totalled 330 million pounds. The outbreak of war in the Far East cut off supplies from other producing countries such as Indonesia, Japan and Formosa. This stimulated Indian exports, which rose to 454 million pounds in 1944 and a peak of 526 million in 1956. With the postwar recovery of former competing countries and the addition of new producers, India's virtual monopoly has been threatened more and more by increased world production. In 1957 exports dropped to 441 million pounds, down 85 million pounds from the previous year, but the following year they recovered to reach 505 million pounds. Statistics for 1959, however, again revealed a down-trend. The monthly average January to August inclusive stood at 29 million pounds, six million pounds less than the monthly average for the same period of 1958.

Ceylon Chief Competitor

Ceylon, the second largest world exporter and India's main competitor, has been increasing its ship-

ments overseas. In 1950 Ceylonese tea exports amounted to 300 million pounds and in 1958 to 411 million. Last year the monthly average for 1959 exports up to the end of May reached 31 million pounds, compared with 26 million pounds a month in 1958. Australia and New Zealand appear to be diverting their purchases to Ceylon at the expense of Indian shipments, probably in part because of their proximity to the island. These two countries imported 73 million pounds in 1958; India supplied 8.5 million and Ceylon 57 million. The United States in the same year imported 85 million pounds of black tea, 26 million from India and 38 million from Ceylon. Canada in 1958 imported 44 million pounds, 19 million from India and 16.7 million from Ceylon. For the first nine months of last year, Canadian imports of black tea amounted to nearly 33 million pounds, of which approximately 11.98 million were imported from India and 11.67 million from Ceylon. Britain, India's best market—she is the leading supplier, followed by Ceylon—imported 326 million pounds of Indian tea in 1958, or more than 55 per cent of its total tea imports.

Problems Posed

Because quality and price influence the buying policy of importing countries, India faces a somewhat serious problem in the future, because an estimated 60 per cent of her tea production is of the lower quality common teas. The governments of several competing countries (Ceylon, Russia, Japan, Communist China, Taiwan, East African territories, and the South American countries) have promoted or are promoting the rehabilitation or development of their tea industries. India will be facing more and keener competition as the tea gardens of the world expand their production and the older gardens are rehabilitated. Even now, world supply seems to be outstripping demand, with no signs of increased world consumption. Certain interests in India accept this as a fact and are proposing remedies.

Among the proposals for easing India's tea export problem is the revival of the International Tea Agreement. This suggestion presupposes that to bring world supply and demand into balance, the member nations would be prepared to keep exports at certain agreed levels. It is difficult to believe that countries whose production is presenting the greatest future threat to balanced world supply would agree to this policy, because they are either infant producers and are looking to increased domestic production to supply their own requirements and export markets as well, or older producers who are expending money and effort with the objective of stepping up output and improving quality in order to increase sales abroad.

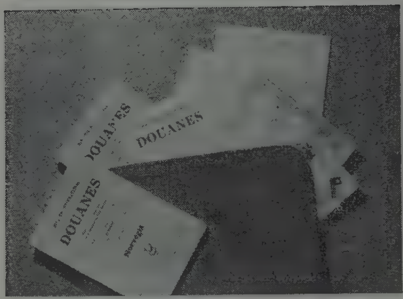
Improving Production

Another suggested solution is that those gardens in India now producing common teas should undertake a program of replanting the older bushes that have reached the stage of uneconomic output, and that serious efforts should be made to improve methods and so convert from production of common to quality teas. This is easier said than done. To improve quality takes money and unfortunately it is mainly planters who are already in financial difficulties who must make this effort. That the Government realizes this situation is shown by a statement made some time ago by the Minister for Commerce and Industry. "To my mind," he said, "the most important point which has to be considered is the vital need for a program of replanting. This has been neglected in the past. If the backload of replanting is not made up, it will threaten our pre-eminent position in tea production in the world." Since the Minister expressed this opinion, a move has been made to turn ideas into action. Last November, the Government of India approved a pilot scheme for the granting of loans by the Tea Board to weak gardens in the Cachar district in Assam.

A third possible solution to India's tea problems and one that warrants careful consideration is the reduction of the taxes that both the central and certain state governments levy. This, like the two preceding suggestions, has its pro's and con's. Those responsible for the welfare of the people look to the tea industry (from which large fortunes were made in the past) as a source of revenue and one that, among others, must bear its share of the cost of running the country and the states. But the industry, viewing with alarm the increased costs of production, the necessity of finding money to operate rehabilitation schemes and improve cultural methods, and the ominous signs of loss of export markets because of increasing competition, is apt to allude to the possibility of killing the goose that lays the golden eggs if taxes are not lowered substantially in the near future. More particularly, they assert that taxes should be levied on profits, not on production.

Home Consumption Rising

Though the ominous signs of falling exports and greater competition in foreign markets spell difficulties for India's tea industry, there is a brighter side. India's population of 400 million, growing at the rate of 8 million per year, is a home market of more than passing importance and may be a stabilizing factor. Even a slight increase in the per capita consumption could provide an increased outlet for a large quantity of tea. That internal consumption is rising quickly is shown by comparing the prewar annual consumption of 80 million pounds with the present 250 million. As long as tea prices do not rise faster comparatively than the gradually increasing income of the people, the domestic market will become more and more important. It may indeed prove to be the solution that the industry is seeking—a bigger market, at least for common teas. ●



Trade and Tariff Regulations

Canada-Australia Trade Agreement

THE Hon. Gordon Churchill, Minister of Trade and Commerce, announced on February 12, 1960, that a new trade agreement had been signed between Canada and Australia. Mr. Churchill stated that Parliamentary approval will be sought at the present session, and that the agreement will come into force when ratified by both Governments.

Canada and Australia concluded their first trade agreement in 1925, and the second in 1931. Since then, there have been many changes in trading conditions and in the tariffs of both countries. At the Commonwealth Trade and Economic Conference held in Montreal in September 1958, the two Governments decided to review the 1931 agreement to provide a more satisfactory framework for the development of trade. A Canadian delegation, led by the late Mr. John H. English, Deputy Minister of Trade and Commerce, negotiated the new agreement in Canberra in March and April 1959.

The new tariff arrangements under the agreement provide increased safeguards and improved access for Canadian exporters to Australia. Canada will continue to receive British preferential tariff treatment on most products. In addition, the agreement provides for important new concessions to Canada by Australia. Australia has undertaken to bind the actual rates of duty on a number of products of interest to Canada, including canned salmon, canned sardines, sausage casings, knitting-machine needles, office machinery, some chemicals, papermakers' felts and asbestos. Canadian exporters of these products are thus assured the continuation of free entry or the low rates now in effect. No actual bindings of rates of duty were provided for in the 1931 agreement. The new agreement also provides for the binding of existing margins of preference on most products of interest to Canada. Under the old agreement, the binding of these margins —the difference between Australia's most-favoured-nation and British preferential rates of duty—applied to only a narrow range of products. Apart from the binding of actual rates and margins, the new agreement confirms that full preferential tariff treatment now accorded certain Canadian products, notably most motor vehicle components and parts, will be continued. The 1931 agreement did not oblige Australia to grant Canada the same preferential tariff treatment as it accorded the United Kingdom for these items.

Another new provision is that Australia will grant the Canadian Government opportunities to consult in cases where Australia proposes temporarily to eliminate bound margins of preference through administrative action (known as departmental bylaws). Suspension of preference through bylaws, in many cases for considerable periods, has taken place in the past on a number of products of interest to Canada, notably aluminum, newsprint and chemicals, and has resulted in the loss, from time to time, of tariff advantage to Canadian suppliers. These consultations will take place through procedures provided for in the revised agreement.

On Canada's side, the new agreement provides for the maintenance of the present special low rates of duty and margins of preference accorded to Australia in respect of a wide range of Australian products. It also provides for the continuation of British preferential tariff treatment on all products not specially listed in the schedule to the agreement. Duty-free entry from Australia has been bound on several additional items, notably raw wool, cleaned sausage casings and raw sheepskins.

The two Governments have agreed to establish consultation procedures to facilitate the discussion of trade matters of interest to the two countries. It has been arranged that there will be two standing committees of officials, one in Ottawa and one in Canberra, which will meet from time to time for this purpose. Discussions have been held with Australia concerning the use of quantitative restrictions on trade. Both countries have, among other things, agreed to consult regarding such restrictions.

The importance of the agreement is indicated by the volume of trade between the two countries. Australia was Canada's third largest Commonwealth market in 1959, and the seventh largest market in the world for Canadian goods. Canada's exports to Australia in 1959 totalled $54 million, an increase of some $2 million over 1958. Canadian shipments to Australia include tobacco, canned salmon and sardines, sausage casings, lumber, pulp, newsprint, steel, engines, office machinery, motor vehicles, aluminum, asbestos and synthetic rubber. Canada imports about $33 mil-

lion worth of goods a year from Australia, mainly sugar, dried fruits, wines, sausage casings, meat and wool.

Mr. Churchill said the substantial progress made by Australia, particularly over the past 18 months, in the elimination of discriminatory import restrictions has been welcome and should provide further opportunities for the development of trade. Before the 1958 Commonwealth Trade and Economic Conference, Australia removed discrimination on capital equipment and electrical apparatus. In subsequent moves, dollar discrimination has been removed on all imports, with the exception of motor vehicles, certain specified textiles and a few other consumer goods. The discrimination against imports of motor vehicles from dollar countries is to be eliminated on October 1. Effective December 1, 1959, the annual ceiling on total Australian imports was increased from A£850 million to A£875 million.

The Canadian Government is confident that the new agreement, by providing a framework for expansion and diversification of trade between these two Commonwealth countries, will result in an important strengthening of Commonwealth economic relations.

Further information about the new Canada-Australia Trade Agreement may be obtained from the International Trade Relations Branch of the Department of Trade and Commerce.

Argentina

IMPORT SURCHARGE EXEMPTIONS—Decree No. 13136, dated October 22, 1959, exempts from the import surcharges applicable thereto certain material, machinery and equipment when destined for the construction, transformation and repair of boats and ships, as well as for the equipping and operation of shipyards and naval workshops. However, such exemptions do not apply to materials, machinery and equipment produced by a national industry with the quality and characteristics demanded for the specific purpose in view and deliverable within a satisfactory time limit. The exemptions may be accorded only to persons and firms registered with the National Maritime Police. Furthermore, a previous certificate of exemption from the surcharges issued by a responsible state body must be presented and must be followed later by a certificate proving the end use of the material, machinery and equipment.

EXEMPTIONS FROM SURCHARGES ON MARINE MOTORS—Decree No. 11748, dated September 21, 1959, exempts from the surcharge of 300 per cent, established by Decree No. 5439 of May 6, 1959, marine motors of a type not produced within Argentina when such motors are imported expressly for use in fishing vessels, and provided that they are used to equip fishing vessels which are inactive through lack of these motors or to replace obsolete motors. Neither the maximum nor minimum size of the fishing vessel is stipulated. This exemption was to remain in force until December 31, 1959. However, a subsequent decree, No. 11748 dated November 6, 1959, extended the exemption until April 30, 1960.

The import of each motor must be covered by a certificate of necessity issued by the Prefectura Nacional Maritima (National Martime Police) and countersigned by the Secretary of State for Industry and Mining, which will certify the need for the installation of the motor in the fishing vessel specified. Motors imported under this decree must remain installed for a minimum of three years.

British East Africa

DOLLAR LIBERALIZATION—Special import controls against goods entering Uganda, Kenya and Tanganyika from dollar countries, including Canada, have now been removed. Among the few goods from dollar countries which had been under special control were metal tubing and piping, certain civil engineering and industrial machinery, non-domestic refrigeration and air-conditioning machinery, welding machinery, motor vehicles and components. All these may now be freely imported from the dollar area under Open General Licence.

A few goods from all countries remain under import control. These include certain dairy products; cotton fabrics; silver and platinum ores; certain jewellery; firearms and ammunition; aircraft engines; motor vehicles of North American origin, assembled and/or partly manufactured outside North America; aircraft and parts; matches and gold.

Italy

NEW IMPORT LIBERALIZATION—Effective January 23, the Government of Italy announced the removal of restrictions and licensing requirements on a number of imports from the dollar area. The following is a selected list of newly liberalized items of possible interest to Canadian exporters:

Live animals
Fresh, refrigerated or frozen fowl
All types of fresh, chilled or frozen fish
Fishmeal
Crustaceans, molluscs and testaceans
Butter
Eggs
Wool fats and by-products, including lanolin
Meat extracts and juices
Canned salmon and other canned fish
Malt extracts
Sauces, mixed condiments
Prepared soups, broths and bouillons
Yeast
Whisky and gin

Tobacco
Live plants and flowers
Sera of immunized animals or persons
Microbic vaccines, toxins
Copper objects for household use
Razors and blades
Paints
Plates and paper for photography
Vulcanized rubber threads and cords
Tires and tubes
Conveyor and drive belts
Lumber, charcoal and wood products
Certain papers
Yarns of continuous artificial and synthetic textile fibres
Cotton terrycloth
Twine, rope and cable
Knitted gloves, neither elastic nor rubberized
Stockings, socks, stocking protectors, neither elastic nor rubberized
Glass and glassware, except glass wool
Tinplate
Certain manufactures of iron and steel
Tools
Cutlery of common metal

The above relaxation presents new opportunities for Canadian exporters. However, Italy continues to restrict a number of Canadian export items, including wheat, grains, oilseeds, aluminum, many chemicals and types of machinery.

Information on the status of individual products may be obtained from the International Trade Relations Branch.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF —The South African Board of Trade announced recently that it had received the following representations respecting the tariff:

Increase in duty on:

1. Household refrigerators of a storage capacity of less than four cubic feet, from free of duty to 15 per cent ad valorem. (B.T.I. Ref. 72/9/2.)

(Applicant: Autocraft (Pty.), Ltd., P.O. Box 6464, Johannesburg.)

2. Pleated knitted nylon piece goods containing—

(a) 100 per cent nylon, and

(b) containing nylon mixed with fibres other than wool or hair, from 10 per cent ad valorem to 15 per cent ad valorem or 6d. per yard, whichever duty is the greater, and in addition 10 per cent ad valorem. (B.T.I. Ref. 123/9/22.)

(Applicant: South African Fabrics, Ltd., P.O. Box 1349, Durban.)

3. Completely assembled commercial and catering refrigeration units such as ice-cream cabinets, frozen-food merchandisers, self-service counters, bottle merchandisers, cool-tops, etc., from free of duty to from 15 per cent to 20 per cent ad valorem. (B.T.I. Ref. 72/9/3.)

(Applicant: B.M.S. Sales, Ltd., P.O. Box 3985, Johannesburg.)

4. Lifting jacks, manually operated, of the hydraulic "bottle type" and of a capacity from one ton to 100 tons, from free of duty to 10 per cent ad valorem. (B.T.I. Ref. 60/9/20.)

(Applicant: Bosal Africa (Pty.), Ltd., P.O. Box 1652, Pretoria.)

5. Gate valves made from gunmetal, for sizes ½ inch to 2 inch, both sizes included, and gate valves made from brass for sizes ½ inch to 1½ inch, both sizes included, from free of duty (minimum rate) and 5 per cent ad valorem (intermediate rate) to 15 per cent ad valorem and 20 per cent ad valorem respectively. (B.T.I. Ref. 34/9/3.)

(Applicant: Cobra Brassware (Pty.), Limited, P.O. Box 49, Luipaardsvlei.)

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

Spain

CASH DEPOSITS ON FOREIGN IMPORTS ABOLISHED—Effective January 23, the Spanish Government suspended the requirement of a cash deposit in advance on imports into Spain. The cash deposit amounted to 25 per cent of the value in pesetas of the goods to be imported and was introduced on July 27, 1959.

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica, will visit Belize, British Honduras, from March 1-8.

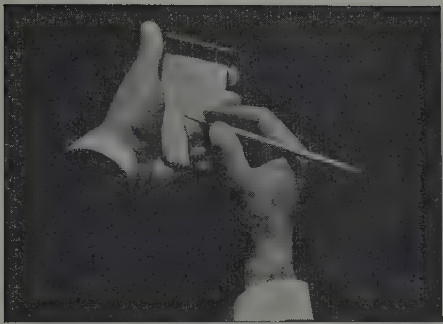
L. S. GLASS, Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland, will accompany the Wheat and Flour Mission during its visit to British East Africa, beginning March 16. Mr. Glass expects to visit Nairobi, Mombasa and Dar-es-Salaam.

R. V. N. GORDON, Consul and Trade Commissioner in Detroit, will visit Cleveland, March 14 and 15.

J. B. McLAREN, Assistant Commercial Secretary in Karachi, Pakistan, will visit West Pakistan from February 8-March 4.

R. K. THOMSON, Commercial Counsellor in Vienna, Austria, will visit Czechoslovakia from March 14-17.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis and Mr. Campbell at Kingston, Mr. Glass at Salisbury, Mr. Gordon at Detroit, Mr. McLaren at Karachi, and Mr. Thomson at Vienna.



General Notes

Belgium

EXPORTS AT RECORD HIGH—The Belgian Minister of Foreign Trade announced recently that sales abroad in 1959 totalled $3,280 million—a new record. The previous high was $3,186 million in 1957. In 1958, exports reached $3,046 million—Brussels.

Cuba

PATENT LAW REVISED—A new law in effect since December sets up a system for compulsory granting of exploitation licences for all patents registered in Cuba. Patent holders may be instructed by the Ministry of Commerce to issue exploitation licences to qualified applicants when this is considered necessary for economic development, for supplying the domestic market, or for promoting export trade. A patent may be the object of several exploitation licences in favour of different persons, and may at the same time be exploited by the owner.

Applicants must be persons or companies established in Cuba and must have the funds to exploit the patent. Licences may be granted one year after issue of the patent, except for certain groups of patents for which licences may be granted on the date of issue of the patent. Compensation will be by agreement between the licencee and the owner of the patent, with the Government arbitrating in case of dispute—Havana.

New Zealand

BALANCE OF PAYMENTS—New Zealand had a net surplus of £32.6 million in overseas exchange transactions in the 12 months ended October 30, 1959, compared with a deficit of £43.8 million in the previous year. Both of these figures exclude net official government borrowing. Receipts from exports of dairy produce, wool and other products (except meat) raised earnings abroad; imports by business and government declined—Wellington.

Sweden

REACTOR WELDING FOR EXPORT—Swedish knowhow in the field of reactor welding technique, particularly aluminum welding, is being called upon more and more in international atomic-plant projects. Sweden's Skultunaverken welding group, which is engaged in this work, was awarded its first contract in the Netherlands last June. The work included welding and assembly on the reactor at Petten and it was completed by a ten-man group in about ten weeks, 60 per cent of the time prescribed in the contract. A few weeks afterwards the Skultuna experts began welding the heat exchangers for the CR2 reactor at Moll, Belgium.

A new assignment for the Patten reactor in Holland, to be carried out in collaboration with the Dutch Werkspoor NV, will include building the reactor pool. Scheduled for completion in July, this is the biggest job so far obtained by Skultunaverken abroad. The company is to supply the material and be responsible for the manufacture of the units and for most of the assembly.

The Swedish company has also concluded an agreement with Advanced Materials Services, of Riverdale, Maryland, for technical consultation on Skultunaverken's commissions in the atomic energy field—Stockholm.

Turkey

FIRST ATOMIC REACTOR—Turkey's first atomic reactor is to be built near Lake Kucuk Cekmece 15 miles west of Istanbul. It is to be in operation by 1962, and will be built by the American Machine and Foundry Company at an estimated cost of about £1.2 million. Of the swimming-pool type, the reactor will have an output of 1,000 kw; it will produce isotopes for use in medicine, agriculture and industry.

Under Turkey's atomic energy development program, the Faculty of Agriculture in Ankara University is to establish a radio isotope laboratory with help from the International Atomic Energy Commission—Athens.

Photo Credits

Cover, Heeney Frosted Foods Limited; page three (bottom), Canada Packers Limited.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.05056.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 15	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01154	86.65	(1)
Austria	Schilling		.03665	27.28	
Australia	Pound		2.1355	.4683	
Bahamas	Pound		2.6694	.3746	
Belgium, Belgian Congo and Luxembourg	Franc		.01909	52.38	
Bermuda	Pound		2.6694	.3746	
Bolivia	Boliviano	Free	.00008332	12,001.92	
British Guiana	Dollar		.5561	1.80	
British Honduras	Dollar		.6674	1.50	
Brazil	Cruzeiro	General Category*	.004566	219.01	*Jan. 12 (2)
		Special Category	.002123	470.91	
		Official selling	.05033	19.87	(3)
Burma	Kyat		.1999	5.00	
Ceylon	Rupee		.2002	4.99	
Chile	Escudo	Free	.9109	1.09781	(4)
Colombia	Peso	Certificate	.1487	6.72	
Costa Rica	Colon	Official	.1695	5.90	
		Controlled free	.1431	6.99	
Cuba	Peso		.9519	1.05053	tax 2%
Czechoslovakia	Koruna		.1322	7.56	
Denmark	Krone		.1379	7.25	
Dominican Republic	Peso		.9519	1.05053	
Ecuador	Sucre	Official	.06346	15.76	
		Free	.05593	17.88	
Egyptian Region, United Arab Rep.	Pound	Official	2.7334	.3658	
		Export account selling	2.2850	.4376	
El Salvador	Colon		.3808	2.63	
Fiji	Pound		2.4049	.4158	
Finland	Markka		.002975	336.13	
France, Monaco, etc.	New Franc		.1940	5.15	(5)
French colonies	Franc		.003880	257.73	(6)
French Pacific	Franc		.01067	93.72	(7)
Germany	D Mark		.2282	4.38	
Ghana	Pound		2.6694	.3746	
Greece	Drachma		.03173	31.51	
Guatemala	Quetzal		.9519	1.05053	
Haiti	Gourde		.1904	5.25	
Honduras	Lempira		.4759	2.10	
Hong Kong	Dollar	Free*	.1664	6.01	*Feb. 5
		Official	.1668	5.99	
Iceland	Krona	Official	.05845	17.11	(8)
India	Rupee		.2002	4.99	
Indonesia	Rupiah	Official rate	.02002	49.94	(8)
Iran	Rial		.01256	79.58	
Iraq	Dinar		2.6653	.3752	

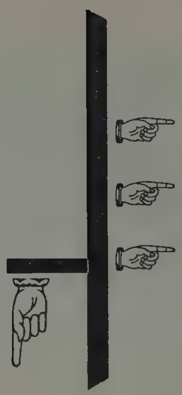
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 15	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6694	.3746	
Israel	Pound		.5288	1.89	
Italy	Lira		.001533	652.31	
Japan	Yen		.002644	378.21	
Lebanon	Pound	Free	.2991	3.34	
Mexico	Peso		.07615	13.13	
Netherlands	Florin		.2524	3.96	
Netherlands Antilles	Florin		.5086	1.97	
New Zealand	Pound		2.6694	.3746	
Nicaragua	Cordoba	Effective buying	.1442	6.93	
		Official selling	.1349	7.41	
Norway	Krone		.1332	7.51	
Pakistan	Rupee		.2002	4.99	
Panama	Balboa		.9519	1.05053	
Paraguay	Guarani	Official	.007802	128.17	
Peru	Sol	Certificate	.03427	29.18	
Philippines	Peso		.4759	2.10	
Portugal & Colonies	Escudo		.03322	30.10	(9)
Singapore and Malaya	Straits Dollar		.3114	3.21	
Spain and Dependencies	Peseta		.01586	63.03	
Sweden	Krona		.1839	5.44	
Switzerland	Franc		.2193	4.56	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04528	22.08	(8)
Turkey	Lira		.1058	9.45	(8)
Union of South Africa	Pound		2.6694	.3746	
United Kingdom	Pound		2.6694	.3746	
United States	Dollar		.951875	1.05056	
Uruguay	Peso	Free	.08442	11.84	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2841	3.52	
West Indies Fed.	Dollar		.5561	1.80	(10)
	Pound		2.6694	.3746	(11)
Yugoslavia	Dinar	Official	.003173	315.16	(8)
		Settlement rate	.001506	663.95	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 5,000 per cent, depending on product, prior to shipment of goods. Beginning Jan. 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.



Advertising Abroad

In Spain, **national advertising campaigns could pay off for Canadian products bearing well-known brand names and able to compete against other imports or local offerings.**

M. T. STEWART, *Commercial Counsellor, Madrid.*

ADVERTISING techniques in Spain today are much the same as those in other Western countries. Outdoor signs and transportation advertising are used widely and radio, television, films, filmlets and shorts are popular. The cost of production of a film in Spain is about one-third that of a similar film made in the United States. Direct mail campaigns are a cheap and fairly effective medium and are employed frequently. Television is not yet well developed but it is making strides and will become gradually more important, appealing to a select, well-to-do audience.

Newspaper Circulation Low

Spain has a population of 30 million, which would normally suggest an important market for consumer goods, except that at least half the population has a low purchasing power. There is a high degree of literacy but the circulation of newspapers, periodicals, and magazines is small. Annual Spanish consumption of newsprint totals about 60,000 tons and much of this goes into official publications. These have small circulations and cannot be regarded as advertising media. Two daily morning newspapers, one published in Madrid and the other in Barcelona, have circulations of 200,000; for other papers the figures are much lower.

Famous Brands Can Be Pushed

The field for international advertising in Spain is limited. There are, however, half-a-dozen or more Canadian products with famous brand names that could find a market here and benefit from a national advertising campaign. The airlines, the large agricultural implement manufacturers, and the leading brands of Canadian whisky are likely examples. There are several products of British and United States origin being manufactured under licence in Spain or in association with Spanish capital and which have a sizable advertising budget, but generally Spain is a market for local brands.

The trade fair is a well-established institution in Spain and there are five or six trade or samples fairs every year. The most important exhibition is the internationally known *Barcelona Samples Fair*, held annually in the first part of June. These samples fairs feature Spanish heavy industry and consumer goods, but only the Barcelona fair is of interest to foreign exhibitors.

About half-a-dozen good advertising agencies affiliated with large U.S. international companies have offices in Madrid. These firms can undertake national campaigns, using as many media as the client wishes, and the fee is the usual 15 per cent. Some periodicals do not allow the agent the full 15 per cent and the advertiser may have to make up the difference. There are also a number of small local advertising agencies.

Copy should be printed in Spain, wherever possible, because customs charges on imported promotion material run very high—as much as 100 per cent, plus brokers' fees, etc. Direct-mail advertising from overseas is effective and selected lists of prospective customers are not difficult to obtain.

All copy must be in Spanish and proofs should be edited by an expert in Madrid. Spanish in Spain differs from the Spanish used elsewhere and it is essential to avoid the possibility of mistakes.

Market research in Spain is still in its infancy, though there are a few firms said to be active in the field and qualified to make market analyses. Canadian businessmen who would like advice on this or any other advertising or marketing problem should write to the Office of the Commercial Counsellor of the Canadian Embassy in Madrid. ●

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada

MARCH 12, 1960

foreign trade

ANADA

CANADA'S TRADE WITH THE MIDDLE EAST

Established in 1904

foreign trade

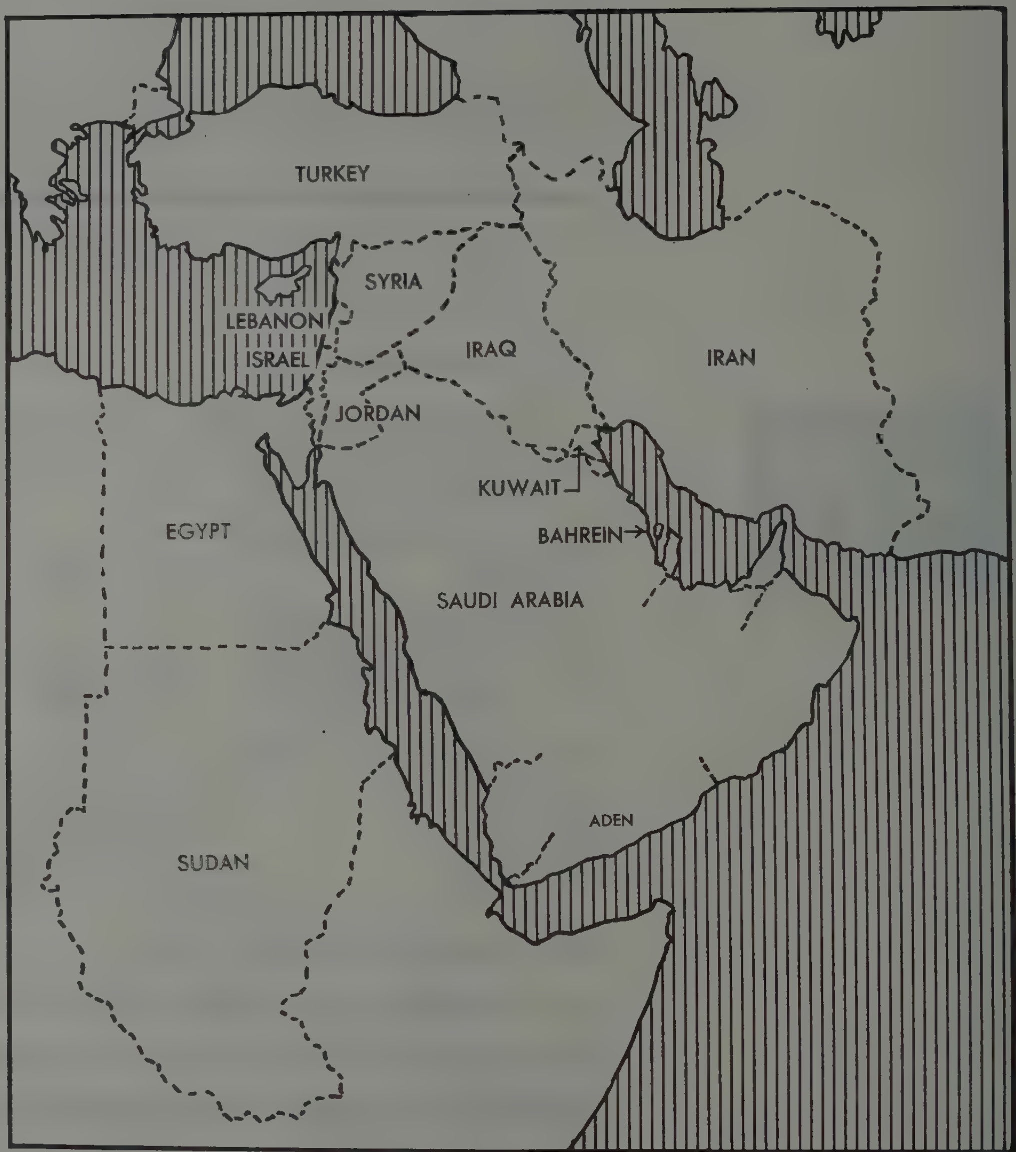
OTTAWA, MARCH 12, 1960 Vol. 113, No. 6

cover The decorative symbols on our cover typify the Middle East, land of antiquity, where the coming of oil and the quickening of industrial progress is changing the traditional ways, opening up a new market as living standards rise. In this issue, we publish reviews of business conditions and trade prospects in twelve Middle Eastern countries. See pages 2 to 37.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister. JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.


TURKEY
SYRIA
LEBANON
ISRAEL
IRAQ
IRAN
JORDAN
KUWAIT
BAHREIN
EGYPT
SAUDI ARABIA
ADEN
SUDAN

Canadian sales to this area achieved a record last year, as large wheat shipments to Iraq and bigger purchases by Lebanon and Iran boosted the total. Continued stability and growing industrial development promise well for future.

CANADA'S TRADE WITH THE MIDDLE EAST

W. D. WALLACE,
Asia and Middle East Division.

THE majority of the Middle East countries benefited in 1959 from a general improvement in economic conditions and this was reflected in an increased foreign trade. Canada shared in this gain: last year Canadian exports to the Middle East set a record at $22.3 million, or 45 per cent above the 1958 figure of $15.4 million. Imports from the Middle East into Canada also established a record; on the basis of $73 million for the ten months January-October, they may total well over $80 million for the full year, compared with $73.5 million in 1958. The attached table gives the details.

During 1959 the value of Canada's exports to the Middle East countries—with the exception of Aden, Jordan and Sudan—ranged from $2.2 million to $4.7 million. Among the principal markets were Iran, Israel, Lebanon, Saudi Arabia and the United Arab Republic (Egypt and Syria). Shipments to Turkey fell below the 1958 total but the large gain in exports of wheat to Iraq more than compensated for this loss. Shipments of wheat flour and powdered milk to Lebanon and seed wheat to Saudi Arabia also went up substantially. Other Canadian products exported to this area included asbestos milled fibres, aluminum, agricultural equipment, drugs and chemicals, oil stoves and lamps, washing machines, and motor vehicles and parts.

Imports into Canada from this area come chiefly from Saudi Arabia, Iran and Israel; these three account for 95 per cent of the total. The main reason for the increase in our imports was the large gain in petroleum shipments from Saudi Arabia and Iran (petroleum accounts for 92 per cent of our imports from the Middle East). Canada also buys fruits, dates, nuts, unset diamonds and oriental carpets.

The opportunities for Canada to increase its share of the Middle East market depend to a great extent upon political stability in this area and the ability of the Canadian exporter to compete in these price-conscious countries. There are good openings for selling a wide variety of consumer goods in Lebanon, Iran, Kuwait and Bahrain, and Saudi Arabia. On the other hand, with the gradual increase in industrial development in a number of these countries the demand for raw materials and semi-processed goods will grow. These markets can be developed further by aggressive exporters who are willing to follow up sales opportunities and to make personal visits. The Canadian Government Trade Commissioners in the area will be pleased to assist exporters in appointing suitable agents.

Here is a brief look at the various countries covered in this issue.

Aden—Although there has been some relaxation of restrictions on dollar goods, it is doubtful whether our trade with Aden can be increased to any extent. It remains a small market for canned fish and other canned goods.

78443-9—2

CANADIAN TRADE WITH THE MIDDLE EAST

(in thousands of dollars)

EXPORTS

	1956	1957	1958	1959
Aden	9	2	3	1
Egypt	2,539	1,221	1,207	1,959
Iran	790	1,717	1,657	2,259
Iraq	656	1,070	970	4,310
Israel	2,724	5,050	4,641	4,702
Jordan	96	98	159	161
Lebanon	1,320	1,116	2,242	3,442
Saudi Arabia	1,942	1,664	2,020	2,878
Sudan	74	213	186	368
Syria	719	812	767	1,074
Turkey	886	483	1,479	1,127
TOTAL	$11,755	$13,446	$15,431	$22,281

IMPORTS

	1956	1957	1958	1959 (Jan.-Oct.)
Aden	73	51	63	50
Egypt	165	330	271	254
Iran	1,057	546	920	8,926
Iraq	941	435	1,559	669
Israel	1,511	1,587	1,813	2,253
Jordan	1	4	5	1
Lebanon	19,600	43	81	21
Saudi Arabia	24,711	34,317	68,023	59,288
Sudan	12	45	80	426
Syria	1,351	242	200	160
Turkey	706	841	529	717
TOTAL	$50,128	$38,441	$73,544	$72,765

Iran—For the past few years Iran has had an adverse trade balance and despite its large earnings from the petroleum industry, it has had to obtain outside financial aid. This has meant a curtailment of almost 25 per cent in the Government's development program and a halt in its liberal trading policy. Canada's exports to Iran have been rising steadily and in the past year oil shipments to Canada became substantial. Iran continues to provide a market for consumer goods and, with the industrial development going on, it should offer market possibilities for raw materials, semi-finished goods and engineering services.

Iraq—Political and economic difficulties in Iraq have brought about a shift in its trading pattern and, with the exception of petroleum, most of its trade has been channelled to the Soviet Bloc countries. Iraq's economic problems have been partially offset by the large income from the petroleum industry. Successive crop failures have made it necessary to import wheat and Canada has participated in this business. Otherwise, immediate prospects for selling Canadian products to Iraq appear to be limited.

Israel—General economic conditions were good in Israel during 1959 but the trade deficit continues. Although Israel has eased trade and fiscal controls, the country has not been able to change its trade practices because of the low foreign exchange reserves. Israel receives substantial financial aid and this tends to limit trade to the supplying countries. Moreover, growing industries tend to purchase from the country in which the parent company operates. Stiffer competition can be expected and whether sales can be increased will depend on Israel's foreign exchange position.

Jordan—Jordan does not have a viable economy and depends upon aid from the United States and the United Kingdom. This foreign aid has permitted some relaxation of controls on dollar imports. Canada's exports to Jordan are nominal and any increase in trade will depend on foreign aid.

Kuwait and Bahrain—Economic conditions in these two oil-producing countries continued to improve and even brought a boom during 1959. Though Kuwait's transit trade with Iraq has almost ceased and has been replaced by local demand, the entrepôt trade of Bahrain (particularly with Saudi Arabia) is important to its economy. There are good export opportunities for consumer goods and some engineering services but price is the big factor.

Lebanon—The economy of Lebanon is based on the fact that it is a trading centre and has a stable and freely convertible currency. During 1959 business conditions improved and the entrepôt trade picked up, thanks to the political stability maintained since October 1958. The Government is financing a large expansion program which includes hydro-electric, airport, fisheries, irrigation and highway projects. Conditions are expected to improve and the demand for consumer goods and materials for industry should increase. Lebanon is still a highly competitive market.

Saudi Arabia—Earnings of the petroleum industry support the economy. A curb on excessive expenditures brought about a substantial financial recovery last year and the country was able to relax some of its import controls. Canada purchases large amounts of petroleum from Saudi Arabia, leaving a big trade surplus in the latter's favour. Shipping difficulties present one of

the main obstacles to developing our trade. The market also requires close attention and personal visits or selling campaigns are recommended.

Sudan—The Sudan relies for its prosperity entirely on its cotton crop. During the past year it was able to dispose of its surplus cotton; this improved the foreign exchange position and permitted a more liberal import policy. For the first time in a number of years, sales of cotton were made to Canada. Agricultural equipment was the chief Canadian export in 1959. Further development of the Sudanese market will depend on the ability of Canadian exporters to compete with cheap products from other foreign sources.

Turkey—A general improvement in economic conditions took place in 1959 and Turkey achieved considerable stability as a result of the stabilization program established in August 1958. Though there are a number of opportunities for Canadian products, price is the limiting factor.

United Arab Republic

Egypt—Large trade deficits and dwindling foreign exchange reserves continue to plague the country. This problem was partially offset by foreign aid during the past year. Egypt is showing signs of shifting from its bilateral trade policy of operating on trade and payments agreements. Any expansion of Canada's trade will depend on Egypt's ability to earn dollars through sales to Canada.

Syria—The economic integration of Syria with Egypt in the United Arab Republic continues to present many problems, including foreign exchange difficulties. In 1959 the failure of the barley and wheat crops and the low prices for cotton aggravated the situation. The prospects for any immediate expansion of trade with Syria do not appear promising. ●

The Middle East Market

HOW big a potential market does the Middle East provide? Are Canadian exporters fully aware of its potential?

For practical purposes, the Middle East countries fall into two groups. The first one consists of the oil-producing countries —Bahrain, Kuwait, Qatar, Iraq, Iran, and Saudi Arabia. Their oil revenues in 1958 totalled $1,263.7 million, divided as follows: Bahrain and Saudi Arabia $310.7 million, Kuwait $415 million, Qatar $57 million, Iran $246 million, and Iraq $235 million. The second group—Aden, Israel, Jordan, Lebanon, Sudan, Turkey and the United Arab Republic (Egypt and Syria)—does not produce oil, though Turkey has a very limited output. These countries depend on agriculture and related activities for their main income. Egypt and Sudan, for example, rely chiefly upon the growing and export of cotton; Israel and Lebanon raise many types of fruit; Syria has become an important cotton and grain producer; Turkey grows cereals, tobacco, fruit and nuts. Lebanon, Jordan and Syria receive between them some $30 to $40 million in right-of-way dues for the oil pipelines that cross their territories.

How much do the Middle Eastern countries import? The Board of Trade in London recently put out figures on the trade carried on in the area by twelve manufacturing countries (excluding the Soviet Union, today a major supplier). The twelve exported to the Middle East (Turkey excluded) goods in 1958 worth £825 million ($2.3 billion), compared with only £282 million ten years earlier. The United Kingdom's share was about 24 per cent—some £197.7 million ($531.8 million). The United States sold goods worth $595 million, and Canada $13.9 million.

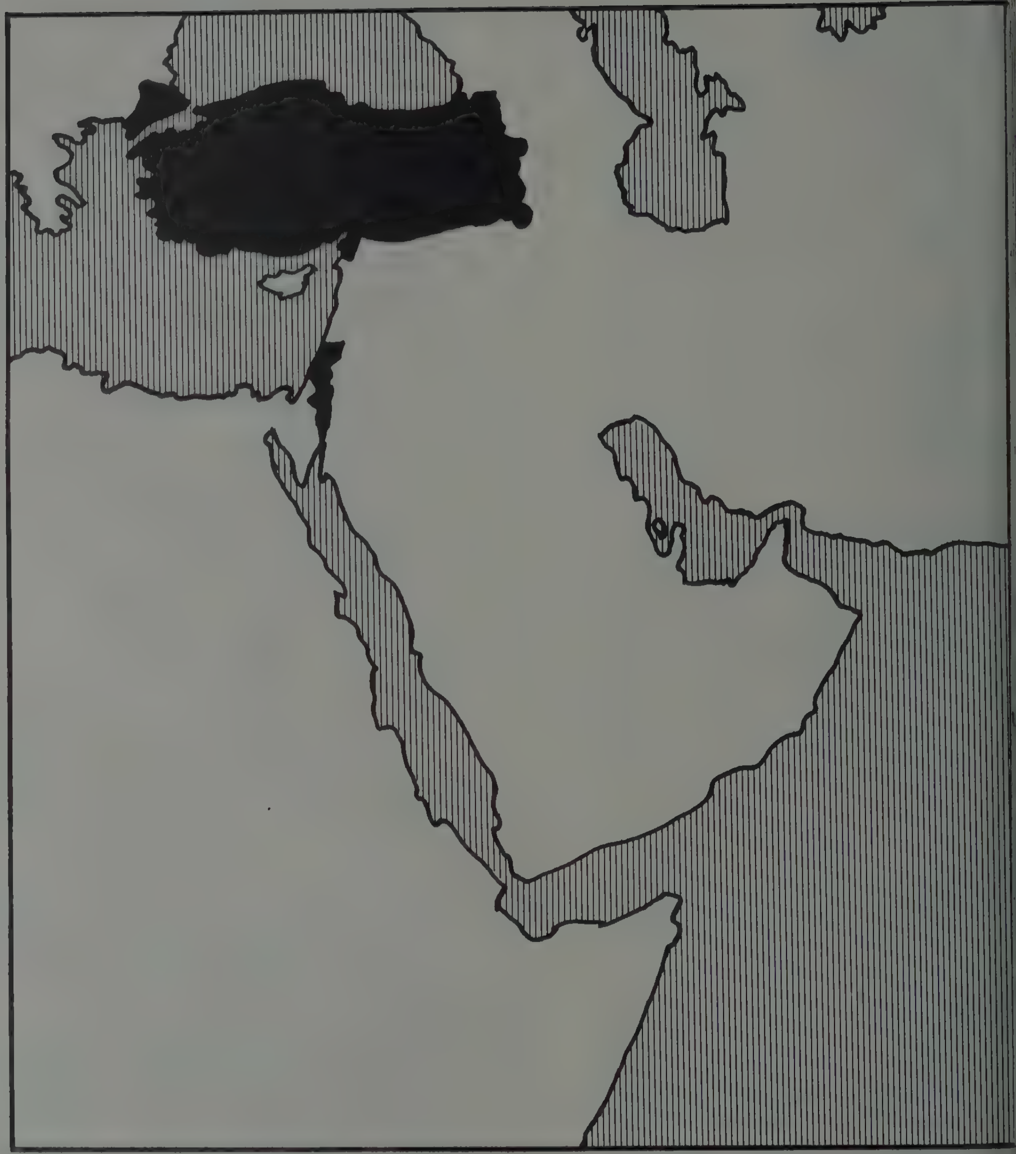
The bulk of imports into the Middle East consist of heavy industrial goods and equipment and particularly machinery and vehicles, metals and manufactures, chemicals, textiles, etc. Imports of grain and flour also are large. However, consumer goods do find an outlet in this market and as development proceeds and the standard of living rises, these purchases will go up. Canadian exporters are already selling whisky, powdered milk, canned soups, canned fruit and vegetables, canned fish and meat, and facial tissues, among other consumer products.

In trading with the Middle East, the exporter should remember that, because of its geographical position as a bridge between the Far East and Europe, the trading community in many of these countries has had centuries of experience in international and transit trade. Its businessmen are well versed in the intricacies of buying and selling and are highly price conscious. The ample supply of dollars in most of the area means that every exporting country (those behind the Iron Curtain too) is vying for its trade.

Canadian exporters should bear in mind this emphasis on price. They should also see that deliveries are as prompt as available transportation permits, and should give thought to credit terms. Correspondence should receive immediate and careful attention.

The Canadian Trade Commissioners in the four offices covering this area are in a good position to help businessmen find suitable agents or buying connections and can also make preliminary market surveys for interested firms.

—C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*



Israel

Still relying heavily on foreign aid, the Israelis struggle toward economic self-sufficiency. Western confidence in country's potential keeps trading activity high; is reflected in steady Canadian sales in 1959.

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

THE State of Israel had the best year of its young life in 1959; eleven years of thrift, hard work, and generous foreign assistance began to pay dividends and new optimism for the future was generated. This year should see further improvements in the general economic situation, and a consolidation of trading and industrial progress.

During 1959 industrial production rose 13 per cent over 1958. Activity in other sectors also expanded as prices remained stable and currency circulation rose more slowly (11 per cent). At mid-year the gross national product was running 10 per cent ahead of the 1958 level (I£3,514 million), and by year-end national consumption had risen by 11 per cent. The balance-of-payments situation improved markedly; export earnings rose 30 per cent to $180 million (imports rose only $4 million to $425 million) and invisible earnings expanded—notably from the tourist trade, up 20 per cent.

Industry Speeds Ahead

Probably the most important single economic event during the year was the discovery of natural gas at Roshat Zohar in the northeast Negev. Reserves at Roshat Zohar equal one million tons of liquid oil. Potential annual production from four wells now operating is reported to total the equivalent of 80,000 to [illegible]0,000 tons of oil, roughly 6 per cent of Israel's oil consumption. The Heletz oilfield, north and east of the Gaza strip, opened in September 1955 and now meets 10 per cent of the country's needs.

In 1959 a variety of important new plants went into operation, including ones for rayon yarn and fabric, polyester resins, laminated fibreglass, plywood, etc. Great strides were made in the development of the Negev desert area as the fabled copper deposits at King Solomon's mines were reactivated, pilot-scale working of iron-ore deposits began, and construction of four new textile plants was started. Also planned for the Negev are plants for producing pulp from local agricultural waste and manufacturing elemental phosphorous and calcium carbide.

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Headlines of '59

Natural gas discovered in Negev

Exports rose to record high

Industrial output up 13 per cent

Liberalization of trade continued

Joins GATT as a provisional member

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Several sizable infrastructure projects attracted international attention (including Canadian) over the past year. A Dutch firm was awarded a $22 million contract to build a shipyard at the port of Haifa. The Ashdod Company, with Israeli and American capital and government support, moved ahead with plans for a $54 million deep-water port at Ashdod Yam, 25 miles south of Tel Aviv. The construction of this port, plus the development of an industrial city of 250,000, may present opportunities for Canadian engineering firms. Tri-continental Pipelines Ltd., registered in Calgary, Alberta, bought the 265-mile, 16-inch Eilat-Haifa pipeline from the Government and hopes eventually to be able to use the Haifa refinery, with its four-million-ton annual capacity. (The refinery's 1.3-million-ton annual throughput just covers domestic needs.) More than any of these projects, the controversial Jordan River scheme for irrigating the southern Negev focussed international attention on Israel's great development plans. Realization of this immense project will ensure further settlement in and development of this important area.

These accomplishments and plans have encouraged public confidence in the country's future—a confidence evidenced in increased activity on the Tel Aviv stock exchange and over-subscription of several new stock issues. Legislation for encouragement of private capital investment and adoption of a more liberal depreciation policy for industry will improve investment scope and security, and augurs well for economic achievements in the coming year.

Foreign Aid Needed

Israel is still far from economic independence. The burden of immigrant settlement continues to restrict productive investment, though this is lightened considerably by assistance from abroad. The 1959-60 foreign currency budget of $590 million is similar to that of previous years. Estimated revenues are: exports $160 million, West German reparations and restitution payments $110 million, United States aid $60 million, and United Jewish Appeal $107 million. By comparison, foreign assistance during 1958

included: West German reparations and restitution payments $140 million, U.S. aid $50 million, United Jewish Appeal $80 million, and development bonds $30 million (up to $52.5 million in 1959).

Over the past several years, private foreign investment has been small—$10 to $20 million a year. And with exports paying for less than one-half of imports, substantial foreign assistance will be needed for some years to come. At the same time it must be noted that the high import figures are accounted for in part by capital equipment obtained under German reparations, Eximbank loans and other types of financial aid. By the time the $780 million West German reparations are exhausted (1964-1966), demand for such capital equipment will have largely been met. Industry should then be producing many consumer goods for the domestic market that are now imported, as well as producing for export. In the meantime, however, a gradual trade liberalization is being hampered by steep customs and excise taxes, purchase and other supplementary taxes, to meet large government expenditures.

Liberalization Comes Slowly

Liberalization of imports of a wide range of industrial raw materials, machinery and equipment, introduced late in 1957 and extended during 1958, was maintained over the past year. Although quantitative restrictions and foreign exchange controls have been removed on roughly two-thirds of industrial raw material imports, licensing authorities still rule on origin of imports. Canadian suppliers may thus find themselves out of the market because of Israel's commitments under bilateral trade agreements and stipulations under foreign loans and grants. Also to be taken into account during 1959 were increased customs duties on a long list of raw materials, machinery and electrical appliances, and higher excise and purchase taxes on drugs and medicines, furniture, building materials, clothing and footwear. These, plus a multiplicity of foreign currency rates for imports and a variety of premium rates for exports, did not make for easy trading during the year.

Some encouragement may be taken, however, from the statement of the Minister of Commerce, Mr. Pinhas Sapir, on the occasion of Israel's provisional accession to GATT at the December meeting in Tokyo. "Two years ago," said Mr. Sapir, "we took our first tentative steps toward the easing of administrative controls in order to ensure a steady flow of raw materials for our industry. Our provisional accession to the General Agreement has given new impetus to our efforts towards further trade liberalization. Within the next few months we hope to extend the scope of our liberalization to a quarter of our (total) imports. Where balance-of-payments considerations still prevent us from introducing liberalization, we shall have to rely more and more on the establishment of global quotas within the framework of multilateral rather than bilateral arrangements as before. In accordance with the spirit of GATT we intend to reduce government imports to the absolute minimum necessary or to abolish them altogether."

Foreign Trade Grows

Despite the obstacles to trade, Israel increased imports in 1959 up to $425 million ($421 million in 1958). Exports rose to a record $180 million ($139 million in 1958), narrowing the trade gap to $245 million ($282 million in 1958). The main changes in the pattern of trade during the first eight months of the year were increased imports of grains, flour and feedingstuffs, miscellaneous raw materials (including rough diamonds), wood and timber, machinery, electrical goods and equipment, chemicals and drugs, and dyes and colours. There were cuts in imports of dairy produce, meat, oils and fats, aircraft, ships and vehicles, fuel and lubricants, and consumer goods. Bigger export earnings came mainly from polished diamonds, drugs, chemical fertilizers, vehicles, cement, eggs and hard wheat. Sales abroad of citrus fruit climbed by 1.5 million cases, but earnings dipped by almost $1 million.

The geographical pattern of Israel's foreign trade changed little in 1959. Main supplying countries for a wide range of foodstuffs, machinery, equipment, and raw materials continued to be the United States, West Germany, the United Kingdom, France, and the Netherlands. The U.S. alone was responsible for over 60 per cent of Israel's food imports. Buying countries, in order of importance, were Britain (largest citrus buyer), the U.S. (biggest purchaser of polished diamonds), West Germany, Belgium and Turkey. Exports to these countries from January to August 1959 accounted for 57.5 per cent of total export sales (51.3 per cent in 1958).

Trade with Canada

Canadian exports to Israel during 1959 reached $4,682,453, compared with $4,641,345 in 1958; with bigger sales of traditional products such as wheat ($2,549,178), asbestos fibre ($384,029), drugs and chemicals ($148,755) and auto parts. Also significant were new or increased shipments of semi-fabricated aluminum, synthetic fibre manufactures, synthetic resin manufactures, elastic fabric, acids, communications equipment, electrical apparatus, pumps, office and industrial machinery, steel bars, truck tires, whisky, canned salmon and lobster. Against this were reduced sales of aluminum ingot ($157,013), canned meats ($336,202), farm implement parts, synthetic resins and nickel. No business was done in tractors, farm machinery and implements, steel rods or feldspar.

Israel's exports to Canada for the first nine months of 1959 estab-

lished a new record and topped the 1958 figure by 40 per cent. At $1,974,621, they easily passed previous annual totals—$1,812,592 in 1958 and $1,586,979 in 1957. Accounting for most of this remarkable rise were increased sales of polished diamonds ($880,137), citrus ($513,343), and other traditional products such as plywood, chocolates and candies, raincoats, textiles and other clothing. Israeli goods entering Canada for the first time included fruit juices, canned fruits and marmalades, synthetic yarns, hacksaw blades, machine tools, electroplated ware and bicycle inner tubes.

Opportunities for further expansion of Canadian exports to Israel are currently limited because of Israel's shortage of foreign exchange and its commitments to countries that are providing assistance and by the inability of Canadian firms to meet competition because of higher prices and higher ocean freight rates. Israelis are happy to buy from Canada, however, and to seek Canadian sources of supply for a variety of goods.

This small but growing market, oriented towards North America, deserves the attention of Canadian exporters. To make the most of their opportunities, Canadians should select a reliable and aggressive Israeli agent, and the Commercial Counsellor, Canadian Embassy, Athens, is in an excellent position to recommend a suitable one. The Athens office will also conduct market surveys on behalf of interested Canadian firms, through frequent trips to Israel and through excellent business contacts in that country. In Canada, exporters could investigate trading possibilities through the Canada-Israel Corporation, the Canadian Israeli Trading Co. Ltd., Montreal, the Zionist Organization of Canada and the Canadian Jewish Congress. ●

Turkey

Turkey still relies heavily on foreign aid to bolster new industries. Expansion is rapid, however, and opportunities for Canadian suppliers are improving.

L. D. R. DYKE, *Assistant Commercial Secretary, Athens.*

AT the end of 1959, Turkey was able to look back over a year of improved trade and general economic expansion. This stemmed from the far-reaching stabilization program adopted in August 1958, aided by loans totalling $349 million from the United States and OEEC countries. On the threshold of the new decade Turkey still faces many grave economic problems. With continued optimism and vigour, however, the Turks, with help from abroad, are striving to bring this vast country to economic and industrial maturity.

Industrial Expansion Rapid

Aside from the consolidation of foreign debts that accompanied the stabilization program adopted in August 1958, the most remarkable aspect of Turkey's stabilization has been industrial progress. "In less than ten years," said Premier Menderes, "Turkey has increased its production tenfold." Output of textiles, sugar and cement now meets domestic needs, with a surplus for export in each instance. Export agreements have been signed for nearly eight million yards of textiles and 48,500 metric tons of sugar. The amount of exportable cement now stands at 150,000 metric tons and should soon reach an annual average of 250,000. Production in 1959, at 1,963,000 metric tons, was 30 per cent higher than in 1958. There were heavy investments and great progress last year in other sectors, such as transportation and communications, public services and agriculture, and future development plans are beginning to take shape.

Hard coal output in the Zonguldak area on the Black Sea now averages 6.55 million metric tons; expansion plans under way will boost this to seven million. At Soma, north of Izmir in western Turkey, lignite production has reached an annual rate of 2.6 million metric tons, and at private mines roughly one million.

At the state-owned iron and steel works at Karabuk, about 70 kilometres inland from Zonguldak, iron and steel production continues to rise. Present annual output of 500,000 metric tons of pig iron is to be upped to one million tons, and steel production of 148,000 metric tons to 600,000. Several private groups have been formed to seek a share in Turkey's rapidly developing iron and steel industry. Three U.S. firms plan to build a $144 million steel mill at Eregli, 67 kilometres west of Zonguldak; initial output is estimated at about 300,000 tons of iron and steel sheets and some tinplate. Another group with Italian backing is to set up an iron and steel works at

78443-9—3½

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Headlines of '59

Cement output up 30 per cent

New steel mills planned

$50 million refinery begun

Exports climb over 1958

Foreign exchange shortage continues

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Edremit on the Marmara coast, with an estimated annual output of 100,000 tons of concrete reinforcing bars and profiles.

The state petroleum refinery at Batman in southeastern Turkey is doubling annual capacity to 600,000 metric tons. At Izmit, near Istanbul, a refinery with a capacity of one million tons a year is to be built, and at Mersin in southern Turkey four well-known international oil companies have begun construction of a $50 million refinery with an annual capacity of 3.25 million metric tons. These developments will expand total annual output to 4.85 million tons and save about $40 million a year in foreign exchange.

Probably Turkey's biggest and best-equipped manufacturing industry is the cotton yarns and textiles industry. Capacity has quadrupled since 1949; the number of spindles now totals over one million and weaving capacity more than 500 million metres a year.

Trade Improves Slightly

Turkey's exports during 1959 totalled T£994.3 million as against T£692.4 million in 1958. With imports at T£1,239.4 million (T£882.3 million in 1958), the trade deficit reached T£245.1 million (T£189.9 million in 1958).

Exports went mainly to West Germany (T£222.9 million) and the United States (T£177.5 million), followed by the United Kingdom (T£144.2 million), Italy (T£82.4 million), France (T£46.2 million), and Czechoslovakia (T£32.8 million). Imports came chiefly from the United States (T£269.4 million), Western Germany ((T£234.6 million), Italy (T£93.8 million), France (T£48.3 million), Austria (T£43.4 million), and the Netherlands (T£39.7 million).

The problem of financing trade persists as. Turkey maintains the deflationary credit squeeze. There were many business failures last year and in November and December nearly 10,000 commercial bills were protested, nearly double the number for the same period in 1958. Rumours of further devaluation—which led to a slight increase in black market prices of foreign currencies and gold during December—appear to be groundless.

It is now apparent that with the slow increase in industrial and agricultural production for export, more foreign aid will be needed to make the economy self-sufficient. As the export season draws to a close, a serious shortage of foreign exchange may be imminent. This may explain the delay in announcing the fourth global import quota. It was to have been made public early in January but was not announced until February 16. This fourth quota is valued at U.S.$251 million and is reported to cover a six-month period. (See page 40 for an initial report on the quota.) All licences under the third quota were issued but imports have only now begun to come in and sales have been slow.

Quota System Relaxed

In the meantime, Canadian suppliers should take note of opportunities to supply products that have been taken off the quota system and freed for import on a normal commercial basis. Freed items that should be of interest to Canada are: radioactive elements, isotopes and compounds; brake and clutch linings; refractory brick; copper rods, tubes, springs and wire; parts for all types of engines; parts for furnaces and refrigerators; laboratory equipment; dairy machinery, etc.; ploughshares and parts for all agricultural equipment; parts for radio telecommunication equipment; electrical equipment for vehicles, and insulators and insulating materials. On January 29 the free import of refrigerator parts was expanded to include washing machine parts as well.

In addition to freed items, there is an all-embracing category of products that may be brought into the country by persons holding money outside the country. Licences were formerly issued on request. The regulation was amended on December 23, 1959, however, to require persons wishing to make imports without an official allocation of foreign exchange to deposit with the central bank 10 per cent

PRINCIPAL TURKISH EXPORTS

	1958	1959
	(in T£ million)	
Tobacco	235.9	257.0
Cereals	29.8	111.2
Fruits	158.2	192.1
Cotton	64.1	155.1
Minerals	81.3	55.2
Seeds	9.5	20.5
Other commodities	113.6	203.2
Total	692.4	994.3

PRINCIPAL TURKISH IMPORTS

	1958	1959
	(in T£ million)	
Machinery	222.1	270.4
Liquid fuel	113.1	184.5
Iron and steel	66.7	123.2
Vehicles	74.0	181.3
Medicines, dyes	74.3	109.4
Textiles	56.6	57.3
Other commodities	275.5	313.3
Total	882.3	1,239.4

of the value of the goods to be imported. This 10 per cent will be returned on presentation of the customs receipt proving that the goods have been imported. It is reported that $25 million of such imports have been registered.

Canadian Exports Fall Off

Canadian exports to Turkey in 1959 dropped to $1,126,980 from $1,479,059 in 1958. The most notable decreases were in fur manufactures ($3,385 to $550), pitprops ($163,294 to nil), parts of farm implements ($28,915 to $17,453), mining and other machinery and parts ($577,136 to $9,644), automobile parts ($18,843 to $1,565), aluminum manufactures ($2,339 to nil), copper wire ($1,399 to nil), synthetic resins ($34,741 to $5,363), polystyrene ($29,925 to $1,971), refrigerators and parts ($4,081 to $185), phonographs and parts ($1,140 to nil) and scientific apparatus ($9,041 to nil).

Against these declines, there were surprising increases in sales of passenger car tires ($6,593 to $25,353), truck and bus tires ($45,689 to $123,111), motor vehicle inner tubes ($2,400 to $5,516), steel sheet, plate and strip ($411 to $14,100), motor vehicle engines and parts ($3,794 to $15,255), ploughs and parts (nil to $51,239), radio wireless apparatus (nil to $144,095), telegraph and telephone apparatus (nil to $17,893), asbestos milled fibres (nil to $15,438), cellulose products (nil to $6,988), drugs and chemicals ($4,527 to $146,834).

On the import side, Turkey's unprecedented sales of walnuts to Canada—$71,609 for the first nine months of 1959—boosted Canada's total imports from Turkey for this period by 63 per cent to $661,495. Sales to Canada of Turkish figs and fig paste also climbed to record heights: at $287,593 for the nine-month period, they far surpassed the previous two years' sales (1958 =$32,141, and 1957=$107,550).

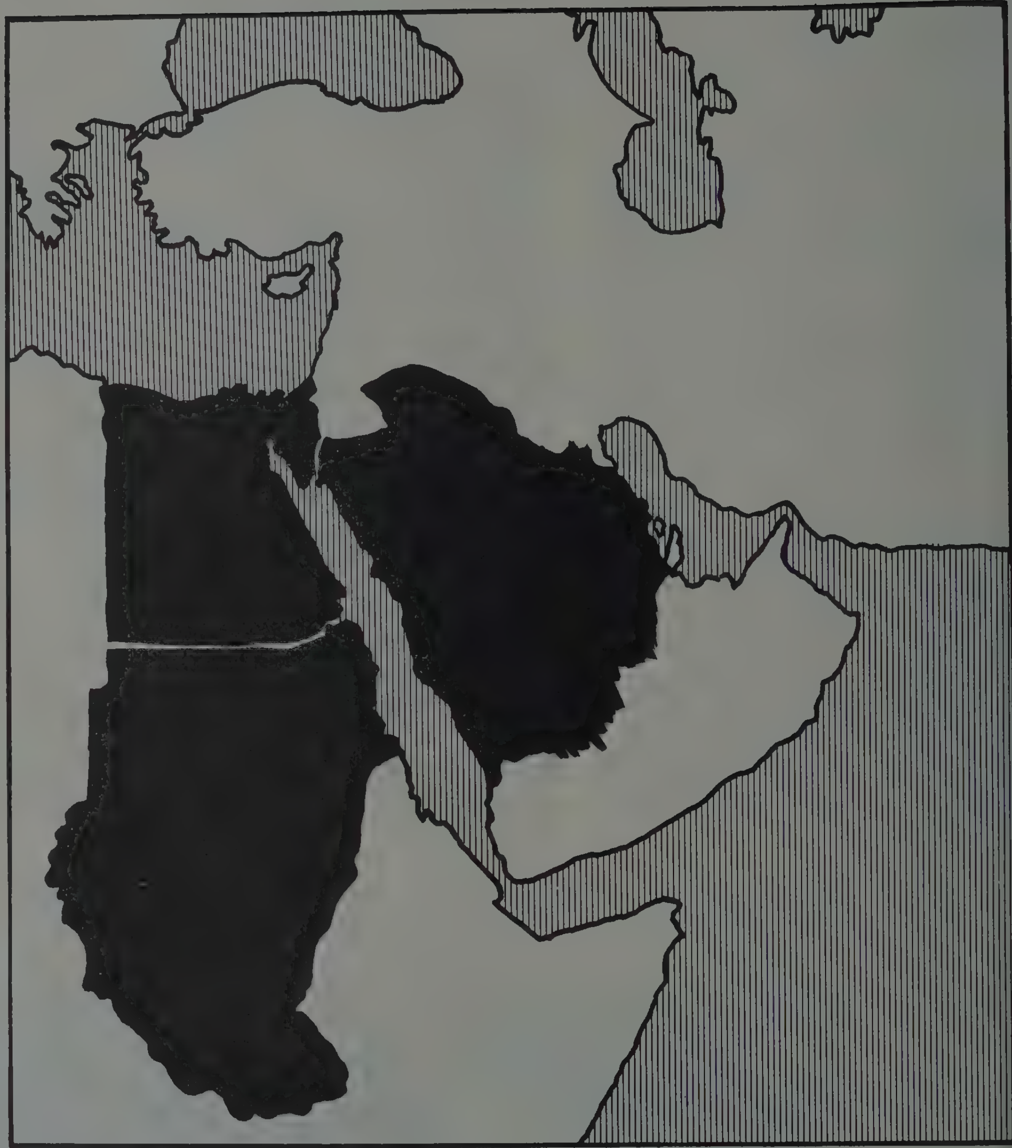
Sales Are Possible

The somewhat discouraging picture for exporters to Turkey need not deter Canadians from trying to gain an entry into this rapidly expanding market. Under Turkey's quarterly quota system of import trade, specific opportunities are brought to the attention of potential suppliers. Many of the products can be supplied by Canada—if Canadian firms are prepared to follow up expeditiously and meet competitive prices. A key prerequisite is an able and aggressive Turkish agent, because this is an extremely competitive and price-conscious market. The agent must be given maximum support with best possible prices, advertising assistance, descriptive literature, etc.

In approaching the Turkish market, Canadian firms should write to the Commercial Counsellor, Canadian Embassy, Athens. With regular market survey trips to Turkey, and excellent contacts in that country, the Athens office can provide helpful advice on sales possibilities, competitive prices, quality of products and prospective agents. •

The author visited Ankara and Istanbul from February 16 to 26 to follow up opportunities for Canadian suppliers under the latest import quota. Canadian exporters are urged to contact him so that he may advise them about possibilities.

Some of the figs that these Turkish women are sorting and packing in an Izmir plant may well appear on Canadian tables. In the first ten months of 1959 our purchases of figs and fig paste reached a new high, over 7 times the 1958 total.



United Arab Republic

Egyptian Region

Optimism in business circles evident as 1960 began. Cotton sales are going well, foreign aid has increased, controls on trade have been relaxed, some long-standing problems solved. Foreign exchange shortage still restricts purchases from Canada.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

EGYPT'S foreign trade during 1959 fell by 11 per cent from the previous year but was approximately the same as in 1957. Although the over-all trade deficit was smaller, the unfavourable balance of E£64.3 million was well above average for the second successive year. Trade deficits are not unusual for Egypt and in the past they have been financed by Suez Canal revenues and tourist spending. However, recent abnormally high deficits have forced Egypt to impose rigid import controls, to resort to long-term credits from supplying countries, and to draw down foreign exchange reserves.

Egypt's imports from the Communist countries dropped considerably, mainly because of smaller purchases of wheat, newsprint and petroleum products. Since these were supplied last year chiefly by the United States under aid schemes, the statistics reflect an increase in imports from North America. Western Europe continued to be Egypt's principal source of supply and in spite of payment difficulties, increased its relative share to 46 per cent of all imports, compared with 43 per cent in 1958 and 38 per cent in 1957. West Germany and Italy, the most important suppliers, were joined by the United Kingdom, which had been out of the market since the Suez crisis disrupted commercial relations.

In each of the last three years the Communist Bloc has taken one-half of Egypt's exports and supplied 25 to 35 per cent of her imports. Egypt's position vis-à-vis Western Europe has been just the reverse but credits earned in trade with the Communists cannot be used to offset the deficits with the West. To complicate matters even further, much of the cotton sold to Eastern Europe was resold to Egypt's traditional customers in the West at prices that undercut direct sales. During 1959 Egypt took steps to stop this reselling by third countries and thus to acquire more foreign exchange for her exports. These steps were apparently effective. However, the national coffers were left at year's end with a debt of E£78 million in trade with the non-Communist world, or more than one-third of Egypt's total trade with these countries.

FOREIGN TRADE OF EGYPTIAN REGION, U.A.R.

(in millions of E£)

	Imports from			Exports to			Balance of Trade		
	1957	1958	1959	1957	1958	1959	1957	1958	1959
Arab League	17.9	10.2	9.5	18.5	13.0	12.0	+ .6	+ 2.8	+ 2.5
Communist Bloc	50.5	84.7	58.5	83.3	81.6	72.6	+32.8	− 3.1	+14.1
Western Europe	70.3	102.2	98.2	39.0	42.5	44.8	−31.3	−59.7	−53.4
Asia, Africa, Australia	24.0	19.5	13.3	21.0	21.6	13.6	− 3.0	+ 2.1	+ .3
North and South America	19.8	21.6	31.6	8.2	3.7	3.8	−11.6	−17.9	−27.8
Total	182.5	238.2	211.1	170.0	162.4	146.8	−12.5	−75.8	−64.3

Problems Receding

At the end of 1959 business circles in Egypt were a good deal more optimistic than during the last three years. This optimism, if not reflected in foreign trade, is nevertheless well founded. The year began with a settlement of financial problems with Britain and ended with a resumption of diplomatic relations with that country. A long-sought agreement with the Sudan on the division of Nile waters with Egypt and compensation for Sudanese territory to be inundated by the Aswan Dam reservoir was signed in November. The ceremonial commencement of work on the billion-dollar dam took place early this year and was followed by an announcement that Russia is to assist in financing and building not only the first but also the final stage of the dam. (The Aswan Dam has been described as the largest earth-moving project since the construction of the Great Wall of China.)

An $8 million CARE program was restored and close to $100 million worth of surplus agricultural products supplied by the United States for payment in local currency. The Export-Import Bank has granted loans or credits totalling $14 million and is considering applications for another $16 million. The Development Loan Fund has announced that financing of seven industrial projects (estimated at $55 million) will be given "expeditious consideration". The World Bank approved a loan of $56.5 million

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Headlines of '59

Cotton sales much improved, with world market prices rising

Agreement reached with Sudan on the use of Nile waters

Eximbank granted loans or credits totalling $14 million

World Bank approved $56 million loan for enlarging Suez Canal

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

for the widening and deepening of the Suez Canal.

These loans, grants and credits have enormously assisted Egypt in both capital development and current expenditures. Industrial development and the Aswan High Dam are essential if the country is to maintain or improve its admittedly low standard of living in the face of a rapidly increasing population. There is some concern over Egypt's ability to repay in the years to come and competent observers feel that her capacity for debt servicing in the next few years has been reached and that she should not take on any more short-term commitments (i.e., five years and under).

Exchange Shortage Continues

Sales by the United States of agricultural products for local currency and other aid schemes should take the pressure off the difficult foreign exchange position. However, apart from some easing in the granting of licences for raw materials, there is little evidence that this is so. During 1959 gold and foreign exchange reserves dropped E£17.5 million—one-third of this amount in the last two months, presumably to pay off obligations. Further large payments are due early in 1960 on the Suez Canal shareholders' settlement and to implement the terms of the agreement with the United Kingdom. Egypt also has financial settlement agreements with Italy and West Germany and in the past has met these commitments on due date.

During the past three years of foreign exchange shortages, Egypt resorted to many devices to fulfil import requirements. Among these were trade and payments agreements where no foreign exchange was involved, barter deals, investment accounts, export accounts, compensation arrangements, etc. Although these served a purpose, they tended to put all foreign trade on a bilateral or *quid pro quo* basis. The authorities have always realized the strait-jacket effect of this policy and recognized that multilateral trade was desirable if not essential. In September steps were taken to discontinue barter and compensation deals, export and investment accounts were stopped, and much was done to relax onerous and restrictive controls. Import licences now make no reference to type of currency or country of supply. Banks can open credits without application to Exchange Control when a client has the necessary means and an import licence. The premium payable when buying foreign exchange has been reduced from 27½ to 20 per cent. To promote exports, the abolishing of most export licences and reduction of formalities are being studied.

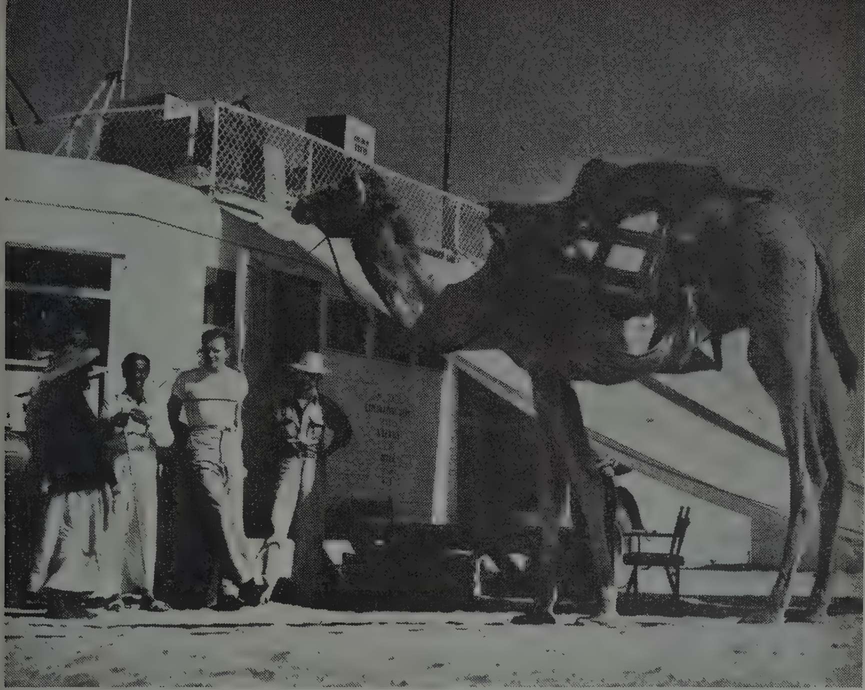
Cotton Sales Good

The cotton season that began September 1st got off to a good start and, thanks to a recovery in the world textile industry, each month has seen an improvement in Egypt's sales. Discounts offered to customers in western countries as an inducement to buy have diminished progressively as world market prices improved. The Government has expressed concern that rising prices will destroy market stability and harm buyers' confidence. The domestic textile industry was caught short of raw cotton stocks and to assist hard-pressed mills the export of certain types of staple was banned. During the first four months of the cotton season Russia and Communist China virtually boycotted the Alexandria market and sales to the Communist Bloc dropped by 36 per cent compared with the same period in 1958. Since January, however, Russia has resumed buying.

Canadian Sales

Canadian exports to the Egyptian Region of the U.A.R., stationary at $1.2 million during 1957 and 1958, rose to $1.96 million last year, according to DBS figures. However, an increasing proportion of total exports consists of supplies for Canadians in the United Nations Emergency Force, gifts of powdered milk and flour to refugees and children's relief, and similar shipments not normally classed as commercial transactions. Hence in 1959 about half of Canadian exports were "trade" and half were "aid". The same products as in previous years headed the list of exports—sulphide pulp, asbestos fibre, medicines, newsprint, and tallow. A new item not evident in trade statistics is consulting engineering services for the pulp and paper industry as part of the five-year industrialization plan for the United Arab Republic.

Canadian purchases from Egypt normally range between $330,000 and $270,000 and 1959 was no exception. Mainly because prices have not been attractive enough to Canadian buyers, no Egyptian cotton has gone to Canada in recent years. ●



This Bedouin and his camel, typical of the traditional nomad life of Arabia, pause for a breather outside the trailer office of an oil-exploration team in the desert.

Saudi Arabia

Measures taken to meet crisis brought on by over-spending reflected in current business recession, but future prospects brighter. Canadian exports increasing each year, with seed wheat the best seller.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

A Canadian businessman visiting Jidda, the commercial capital of Saudi Arabia, should be prepared for some new experiences or will at least observe a few features not normally present in other Middle Eastern countries. Saudi Arabia is the home of the Moslem religion and there is much evidence of the conflict between the desire to retain traditional customs and modes of living on the one hand, and the pull of twentieth century western progress on the other, fired by an enormous oil wealth, figuratively speaking.

The visitor will find that he requires a Saudi sponsor when he applies for a visa; he will notice an absence of tourists in Jidda, with the notable exception of pilgrims; he may be confused by the three kinds of time by which clocks are set—local, Greenwich Mean Time, and Arabic (where sunset is at twelve o'clock). He may be confused by the Arabic calendar in which Sunday becomes Friday. The year 1960 is 1379 until June 25, 1960, when it becomes 1380. He will fail to find any places of entertainment or any liquor and he would be well advised not to take his wife with him, for women are rarely seen in public.

The city itself is literally bursting at the seams—the seams being the confines of the suq or market-cum-dwelling place that constituted the old city and contains much of present-day business, plus animal and human life. One wonders why, other than for mutual protection, the old city grew up in this crowded way when desert land abounds around Jidda and indeed in the whole of Arabia. Access to fresh water, an eternal problem, may have been one reason. Unless he speaks Arabic the visitor needs a guide and interpreter. The lack of knowledge of foreign languages and of international business are, incidentally, reasons for the apparent inattention to correspondence.

A first-time visitor is unlikely to appreciate the changes wrought in Jidda as a result of the discovery of oil. The large number of North American cars, air-conditioners and refrigerators is obvious; so are the new buildings, palaces, government and business offices, and homes. Less spectacular—except by comparison with ten or fifteen years ago—are the public works, such as paved roads, power and water utilities, telephone system, radio stations, etc. In fact, the spending spree brought on by the oil boom got out of control and in 1958 the inevitable financial crisis developed.

Reforms Instituted

With the advice of the International Monetary Fund but, above all, with the persistent patience and dedicated perseverance of far-sighted officials led by Crown Prince Amir Feisal (who is Prime Minister, Finance and Foreign Minister), fiscal reforms were adopted. A state budget was published for the first time in January 1959 and proper accounting methods introduced. The Saudi Arabian Monetary Agency was given a free hand to manage foreign exchange and to control internal fiscal matters. The new budget of 1,637.5 million rials balances revenue and expenditure; appropriation for defence, the royal family, palace secretariat and bodyguard are well below previous sums and education and health services are receiving more money. Appropriations for agriculture and communications remain unchanged.

Concurrently the Monetary Agency has been successful in raising the value of the Saudi rial from

78443-9—4

six to a U.S. dollar to 4½, where it was recently decided to peg the official rate. (The previous official rate was 3¾ rials to the U.S. dollar.) This was done by providing exchange at the official rate for a limited number of essentials—foodstuffs, wheat flour, rice, textiles, medicines—and reducing money in circulation by feeding foreign exchange into the free market and withdrawing local currency. At the same time, all exchange and import controls were abolished. Saudi Arabia has Dutch, British, French, U.S. and Egyptian commercial banks, as well as a few local banks. But it lacks the financial institutions of more developed countries that would be capable of underwriting on a long-term basis a national debt that is estimated at $115 million on an oil income of $350 million a year. Another oddity is that strict adherence to the Moslem code and its attitude to usury prevents the use of interest in financial dealings.

The new reforms and controls, with their deflationary effect, have resulted in a recession in business activity. Building and development have virtually ceased; the Arabian American Oil Co., feeling the pinch of the world slump in oil, has curtailed its expansion program; imports have dropped; many quota holders have not taken up their licences, and unemployment has become a problem for the first time since oil was discovered. Austerity is likely to last through 1960 but with the proper control of expenditure now being practised, Saudi Arabia will undoubtedly solve its problems. What the authorities wish to avoid is a return to the free-spending days that produced the present difficulties.

The Canadian Position

Canadian imports of Saudi oil, valued at nearly $70 million per year, far exceed our exports to Arabia. Contrary to the general trend in imports into Arabia, Canadian sales have been rising steadily to $1,663,578 in 1957, $2,020,397 in 1958, and $2,877,932 in 1959. The main item of interest from Canada is seed wheat; Saudi purchases last year reached a million bushels valued at $1.8 million. Canadian statistics list a total of 90 products exported to Saudi Arabia; figuring largely are consumer goods such as foodstuffs, clothing, automobiles, watches, pens, stoves and lanterns. With almost no industry other than petroleum, there is little demand for machinery or raw materials and until a development program gets under way, capital goods will not be needed. •

Sudan

Recovery of the cotton market in 1959 spelled hope for the new Sudanese regime and foreign exchange reserves climbed. As giant irrigation schemes move slowly ahead, expansion of trade with Canada looks more hopeful.

D. S. ARMSTRONG, *Commercial Counsellor, Cairo.*

FOR the first three years of its life as an independent nation, the economy of the Sudan went steadily downhill. The production of cotton is the basis of its economy and cotton exports contribute two-thirds of total foreign exchange earnings. Unfortunately this period, 1956-1958, coincided with a general world economic recession and a depression in the textile industry. Pursuing a policy of holding stocks rather than selling at depressed prices, the Sudan was not able to earn enough to pay for current imports and capital development.

As a result, two years of cotton production piled up, foreign exchange reserves dwindled rapidly, imports were restricted drastically, and the development program curtailed. The Sudan obtained loans from the World Bank, the International Monetary Fund and Barclays Bank, arranged export credits with the United Kingdom and West Germany, and accepted the terms of a United States aid program. It also concluded barter agreements with several Communist countries. Economic problems were reflected in politics when on November 17, 1958, a coup d'état brought a military regime to power.

Against this background, 1959 was a year of recovery. In January all reserve prices at the cotton auctions were cancelled—a move that could not have been better timed to coincide with improved world economic conditions and the revival of the textile industry. A dramatic rise in cotton sales followed, at prices that were low in the beginning but improved steadily. By mid-August the whole of the carry-over from the previous years plus the 1958-1959 crop were liquidated —a total of 930,644 bales.

The United Kingdom in 1959 was by far the best customer for Sudanese cotton, (S£12.3 million)*, followed by India, West Germany, Italy, France, the Soviet Union and Japan. Canada bought 2,450 bales valued at S£93,578, the first purchase of Sudanese cotton by Canadian mills in some years. Because the purchase was made on the basis of paper specifications only, it was in the nature of a trial order. Unfortunately, by the time the superior qualities of

*1 S£ = U.S.$2.80 (approx.)

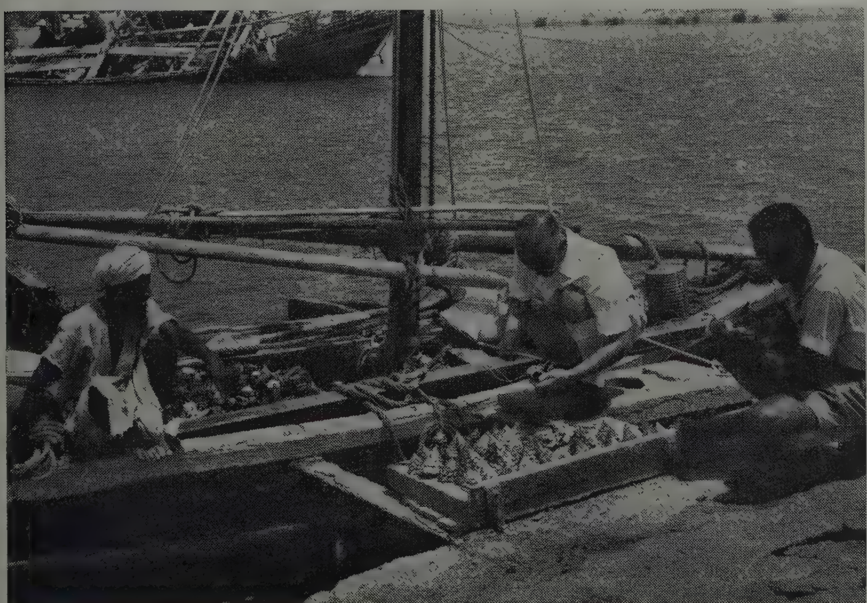
this long-staple cotton were discovered, market prices in Khartoum were out of reach of Canadian mills.

The Sudan's success in disposing of its cotton to a total value of S£40 million was naturally reflected in foreign exchange reserves, which jumped from S£20.5 million at the end of 1958 to S£50 million by September 30, 1959. The Government was able to relax certain import controls and this, though it improved supplies of essential goods, put a strain on the railways and storage facilities at Port Sudan. In July the Minister of Commerce announced that no more barter deals would be permitted; they were never popular and the total of goods involved did not exceed 15 per cent of Sudanese foreign trade. For the first ten months of 1959 the balance of trade showed a surplus of S£17.5 million, compared with a deficit of S£14.5 million in the same period of 1958.

The most significant news in economic development during 1959 was the signing (after many years of intermittent negotiations) of an agreement with the Egyptian Region of the United Arab Republic for the sharing of Nile waters and compensation for Sudanese territory flooded by the Aswan High Dam. The Sudan as well as Egypt has plans for dam-building and irrigation, notably the S£36 million Roseires Dam on the Blue Nile which rises in Ethiopia. This project needs World Bank financing and one of the Bank's conditions is agreement among all the riparian states, including Ethiopia and Uganda, on the use of Nile waters. With the major hurdle of agreement between Sudan and Egypt overcome, the Sudan is now proceeding with its plans.

A S£4.5 million contract has been awarded to an Anglo-German consortium for electrification of the Sennar Dam (also on the Blue Nile) and work is scheduled for completion in June 1962. Discussions have been held with the World Bank on the cost of the third and fourth stages of the Managil Extension Scheme. This is an irrigation project to add new land to the Gezira cotton-growing district. The fourth major development is the resettlement of the residents of the town of Wadi Halfa which will be inundated by the Aswan High Dam reservoir. A dam costing S£5 million will be built at Khashm el Girba on the Atbara River and irrigation, housing, etc., will cost another S£15 million. The United Arab Republic has agreed to pay S£15 million in indemnities, and French and West German interests have submitted proposals for the project.

Shells from the bottom of the Red Sea help the Sudanese fishermen earn a living. A UN Technical Assistance expert (center) has been helping the fishermen to introduce more effective collecting methods and to grade the shells more carefully.



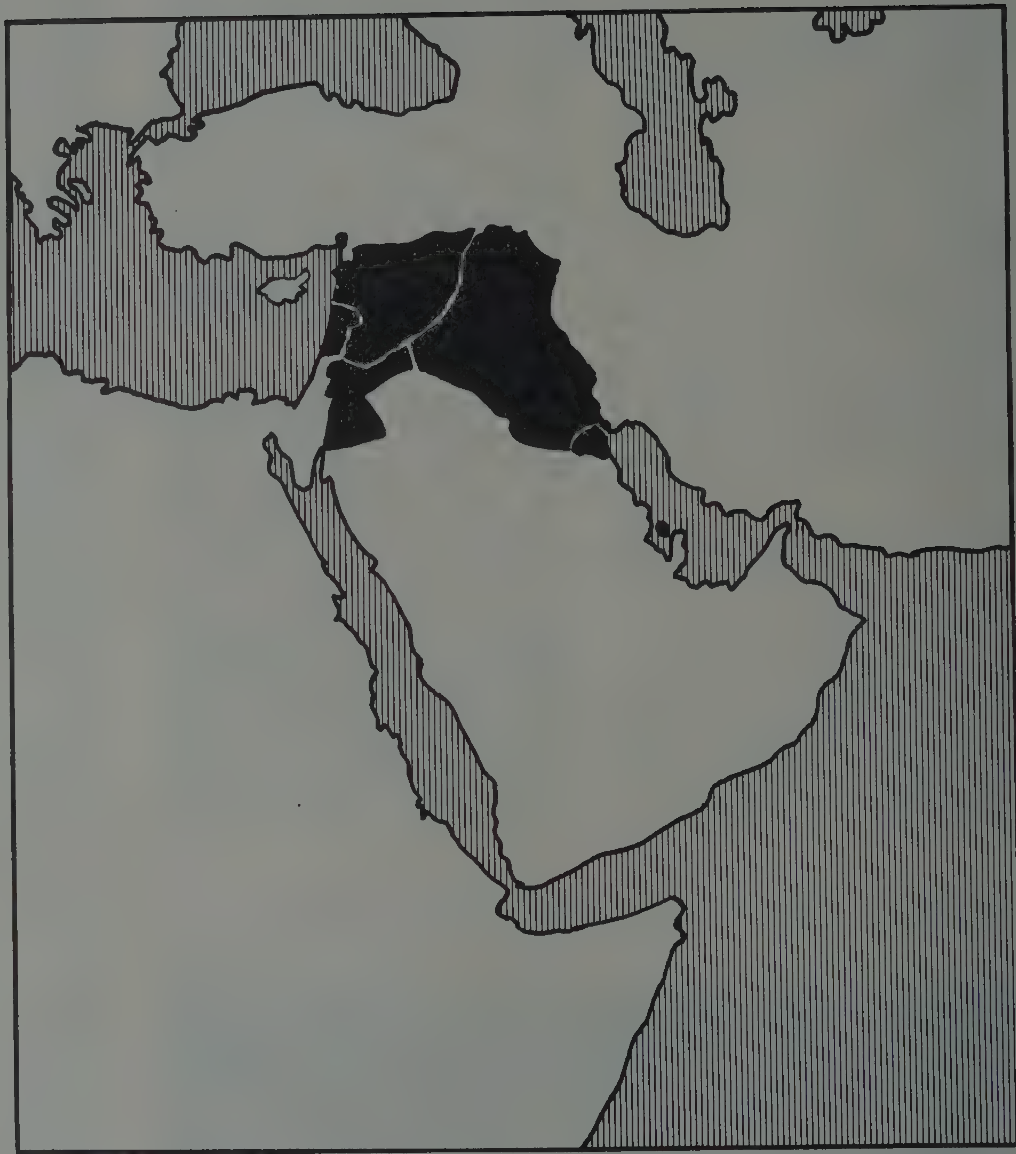
A number of new industries are being built or have actually begun operations. The largest (in fact the largest of its kind in Africa) is a $24 million textile mill undertaken by U.S. private interests in collaboration with the Development Loan Fund. All the equipment has been ordered from the United Kingdom. Two other major industries under consideration are first, sugar, in which a number of European countries are interested, and second, paper (using papyrus which is abundant in the South Sudan). West German interests are investigating this proposal.

Trade with Canada Rises

Canadian activities in and trade with the Sudan are limited. Apart from last year's spot purchase of cotton worth $334,000, the only commodity purchased by Canada is gum arabic—the Sudan produces 80 per cent of the world supply and Canada imports between $40,000 and $80,000 worth each year. Similarly, Canadian exports to the Sudan are confined to a few products, mainly farm implements. Exports last year were valued at $260,000, a considerable increase over previous years.

Now that the Sudan has sold its complete stock of cotton, it is unlikely that its earnings of foreign exchange will be as high this year as they were last. Improvement in this direction will come about with bigger production and exports of cotton, which in turn depend on the irrigation schemes now in the planning stage. The general improvement in economic conditions during 1959, however, induces optimism about the future. ●

78443-9—4½



Bahrain

Oil revenues finance progress and make this a rewarding small market. Canadian firms might find opportunities in several lines, especially if they visit the area.

N. D. ANDREWS, *Office of the Commercial Secretary, Beirut.*

BAHRAIN provides a striking example of change as a motivating force in an economy. For centuries this small sheikdom lived on its pearl-fishing industry. Today it thrives because of oil, with transit trade as the second source of revenue.

The population of the Bahrain group of islands totals now 143,000; some 62,000 live in Manama, the principal trading centre. Oil production is very small compared with the principal Persian Gulf oil centre, Kuwait, but is nevertheless sufficient to have brought prosperity and progress. The Government receives oil revenues of about $6 million a year and the Ruler devotes a large percentage to developing his country and improving the lot of his people. In the 1959 budget, over $8 million was allocated to development projects and public works, compared with nearly $5 million in 1958.

Production of crude oil in 1956 reached 1.46 million tons; in 1957 it rose to 1.58 million and in 1958 to 2.3 million. The oil refinery at Sitra is the third largest in the Middle East, with a capacity of 10 million tons a year; much of the oil it processes comes from Saudi Arabia along 34 miles of pipeline. Exports of refined oil products total about nine million tons a year. Apart from the direct revenue from oil, the economy also benefits from large expenditures by the oil company on wages and local purchases, to an estimated total of some $17 million a year.

Current development projects include an increase in the electric power supply and its extension to villages, the construction of new terminal buildings at the airport, and the building of a new bridge and a dual carriage-way road from Manama to the oil camp. Apart from oil, there is little industry and there is also little agriculture. Tomatoes are the most successful crop and the Government is considering the feasibility of starting a plant for canning them and for producing tomato paste. There are plants for soft-drink bottling, tiles, reconstituted milk (made from skim milk and butter fat), carbon dioxide, lime, cement blocks and ice. There are servicing facilities for Rolls Royce oil engines and slipways for repairs to small coastal vessels.

Foreign Trade

Imports in 1958 rose to $51.7 million compared with $48.5 million in 1957. Britain remains the chief supplier with 26 per cent of the total, followed by India with 14 per cent, the United States with 11 per cent, Japan with 7 per cent and the Netherlands with 4 per cent. Altogether 40-odd countries export to Bahrain and sell chiefly household goods including electrical equipment, rice, foodstuffs, clothing, machinery and construction equipment. Canada's share of the market is extremely small; our exports are confined to oil stoves and lamps, plastic laminate, aluminum, canned foods and tires.

Bahrain's exports, apart from refined petroleum products, are all re-exports; in 1957 these were valued at $17.2 million and in 1958 at $19 million. Figures available to the end of July indicate a slight increase in 1959. The free zone for transit trade was inaugurated in January 1958 and a new deep-water jetty with six berths, costing $8.5 million, is nearing completion. At present, ships have to stand out at sea and unload into lighters. The new jetty should cut the turn-round time considerably and stimulate Bahrain's already flourishing transit trade. The principal products handled are foodstuffs, household goods, rice, lumber, machinery, cotton and silk piece goods. The main customers are the eastern part of Saudi Arabia (which takes between 60 and 70 per cent of the total) the Trucial States, Qatar and Iran. There are no customs dues on goods in transit and the facilities offered mean that merchants can carry stocks in the Free Zone for the immediate filling of orders from customers in nearby countries. Monthly storage charges amount to $0.0436 per cubic foot for cased goods, bales and packages, and to $4.20 per 100 bags a month for this type of packing.

Import permits are not required in shipping to Bahrain and customs duties range from 5 to 10 per cent. Alcohol, tobacco and cigarettes are exceptions; they are subject to a 15 per cent duty. Permits are required for alcohol. Imports for the oil company and the Government enter duty-free. There is no shortage of dollars.

Sales Opportunities

Bahrain, as an oil-producing country, constitutes a rich potential market with wide scope for development. Canadian exporters are handicapped, however, by lack of direct shipping, but this difficulty is not insurmountable. Price is perhaps the main factor and meeting competition calls for a determined effort. In foodstuffs, there is certainly room for expansion of Canadian trade, but perseverance and serious study of the market are prerequisites. The demand for construction projects will continue but competition is fierce and it would probably need a consortium of Canadian companies to handle any

of the large ones. Household paper products such as towels, toilet paper, facial tissues, etc., sell well; so do pharmaceuticals, paints, stoves and lamps, and electrical household equipment. Wheat is in demand, especially when the traditional Middle Eastern suppliers have poor crops. Flour has great possibilities for Canadian exporters and with competitive prices, good trade should result. For government tenders, a Bahraini is essential as exclusive agent. The oil company is buying more and more through local representatives and here again a first class local agent is desirable.

One of the methods of entering this market that some foreign firms use is exhibiting at the Bahrain trade fair. The fourth annual fair is set for March 31 to April 7; one Canadian company is contemplating an exhibit. In past years, foreign exhibits were confined to firms represented by Bahraini agents but it is expected that this restriction will be removed. Attendance at the 1959 fair was estimated at 40,000 and included visitors from the various Gulf and Arabian territories. There were 70 stands (mainly showing British goods) covering some 28,500 square feet.

Personal contact can do more in a few days than months of correspondence. Canadian exporters who want to make a bid for this market should try to include not less than three or four days in Bahrain in their next itinerary in the Middle East. ●

Iraq

Oil royalties continue to supply funds for development; ambitious Four Year Plan will get under way shortly. Poor grain harvests have led to large wheat imports and boosted Canadian sales.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

A year and a half has passed since the revolution of July 1958 overthrew the Hashemite monarchy of King Feisal II and the government of Nuri Said and installed a republican regime under General Kassem. Although this is a short time in the political life of a country, much has happened in Iraq in the ensuing 18 months. Politically and economically, the country has undergone a reorientation. In the past, Iraq's political and economic life was tied closely to the West, especially the United Kingdom. The new regime broke away from the Baghdad Pact, severed its connection with the sterling area, and renounced its agreement with the United States for financial aid. It accepted a Russian foreign assistance loan of 550 million roubles and has signed trade agreements with nearly every Iron Curtain country.

The Government's relations with the Iraq Petroleum Company, the oil concessionnaire in Iraq, have not altered much and the flow of oil has continued unhampered. Although the Russians have made more attractive profit-sharing offers than the present arrangement with the Iraq Petroleum Company, the Iraqi authorities have not changed their agreement with the company. They realize that producing oil is useless without adequate marketing facilities and that the Western countries are likely to remain for a long time the real market for Iraqi oil. The fact that in 1958, out of a total budgetary revenue of ID95 million, oil royalties from the IPC amounted to ID83 million reveals the importance of oil in the economy.

Before the 1958 revolution, 70 per cent of the oil royalties were earmarked for the development program. Since then, larger defence expenditures (estimated at ID34.81 million, or one-third of the total 1959 budget of ID102.88 million) have made it imperative to reduce the allocation for development to 50 per cent and increase the allocation to other budgetary expenditures to 50 per cent. The present development program, backed partly by Russian capital and a large number of Soviet experts, consists of many projects, some started under the former regime. Among the more important ones are:

- Enlargement of the port facilities at Basra and the building of a new port at Um Qasr. (The latter will cost ID4 million.)

- Establishment of a shipbuilding yard in Basra. The Minister of Communications recently signed a contract with the Soviet Techno-Export for the setting-up of this.

- Improvement of rail transport between Basra and Baghdad. Five Soviet railway experts are studying the possible changeover of the line from narrow to standard gauge, at an estimated cost of ID4 million. This would cut travelling time between the two cities in half because trains could run faster. A new line will also be built between Kut and Nassiriyeh; work on it is expected to begin soon.

- Completion of the Derbendi Khan dam project under the supervision of a team of Yugoslav consulting engineers. This dam was started under the former Government of Iraq.

• An engineering survey of the proposed Basra paper-mill project, requested by the Ministry of Guidance. This will be made in 1960.

• Survey for the location of a new airport at Baghdad.

Four Year Plan

The President of the Republic, General Kassem, recently announced that a Four Year Plan, to cost approximately ID400 million, would be implemented shortly. The amounts allotted for the various phases are:

Petroleum industry	ID100 million
Housing	ID 76.5 "
General construction	ID 50.5 "
Agriculture	ID 40 "
Industry	ID 38 "
Public works	ID 31 "
Public health	ID 24.5 "

Various other projects are to be carried out with Soviet foreign aid worth ID10 million. The expenditures on the plan will reach ID80 million the first year, ID143 million the second, ID99 million the third, and ID48 million the fourth and last year. The capital required will come from oil royalties, state reserves and foreign loans.

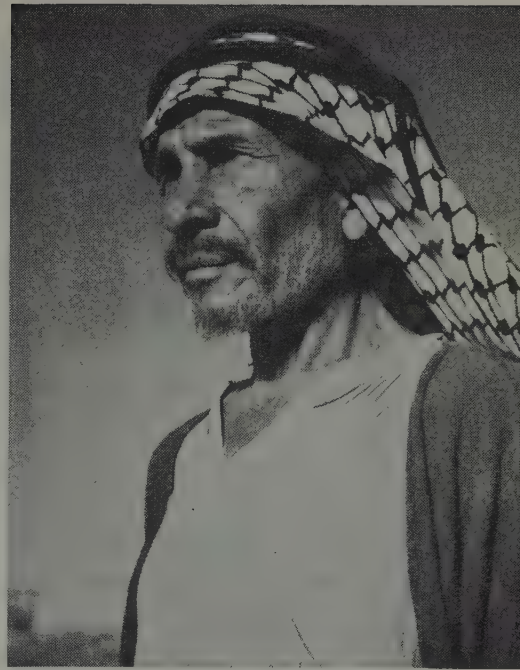
Oil Production

Since the revolution, oil production has increased steadily to an annual flow of 40 million tons in 1959. The annual capacity of the Iraq Petroleum Company's pipeline carrying oil from the northern oilfields of Iraq to Tripoli in Lebanon is actually 28 million tons and the addition of a third pipeline from Syria to Tripoli will increase the capacity to 35 million. The capacity of the terminal in the Persian Gulf serving the oilfields in the south of Iraq is also being expanded from the present 12 million to 22 million tons with the construction of a deep-water wharf off the coast. Production in Iraq now equals that in Iran and the latest information on oil royalties for 1959 is that they will total ID90 million.

Although General Kassem has not changed the agreement that the Iraq Petroleum Company made with the Iraqi Government, he has been anxious to boost his revenues from oil and has asked the oil company to step up production and to give up some of its concessions in the areas where exploration work has not been carried out. These concessions would then go to other interested companies. The Basra Petroleum Company (a subsidiary of the Iraq Petroleum Company) has released offshore areas but they have not been taken up by other organizations. IPC is continuing exploration work but it is becoming more and more difficult to find new reserves.

Industry Encouraged

To encourage the development of light industries in Iraq, the Ministry of Commerce through the Industrial Bank will advance up to 80 per cent of the cost of any industrial project. A new industrial trend is apparent with the offers by Russia and the satellite countries, (especially East Germany and Czechoslovakia) of small "turnkey" factories. A special committee consisting of representatives of the Federation of Industries, the Directorate General of Industry, the Iraqi Hides Association and the Grain Board has been formed to consider the offers. The committee has chosen 17 factories out of a total of 56 offered by the German Democratic Republic. It is also considering a choice among 100 plants offered by Czechoslovakia. Offers made so far are for small plants, including factories for making shoes, textiles, glasswork, metal commodities, and electric appliances and for tanning hides. The public has displayed interest in these plants, particularly because the Government will give financial help. Before the end of 1959, it is understood equipment for ten of these factories will be in Iraq and experts will be arriving to install and operate these and train Iraqi personnel. Under the mutual economic and



A typical Iraqi from village near Baghdad.

technical co-operation agreement between Iraq and the Soviet Union, an antibiotics plant will be built in Samarra on the left bank of the Tigris. A large shoe factory with a capacity of one million pairs a year is expected to go up this year at Kufa.

Agricultural Output Down

Iraq has been plagued by drought and locusts in the past two years and its wheat and barley crops have suffered. Large imports of barley and also of wheat were made in 1959, with Canada supplying some 50,000 tons, and more imports are expected this year. The Agrarian Reform Law, intended to break up the large land-holdings of the tribal sheikhs and feudal land-owners, is due to be carried out in full in five years. The first 10,000 acres of some of the best farmland in Iraq were distributed to 1,200 peasants last summer. The limit of individual holdings is now 1,000 donums (600 acres) of irrigated land, or 2,000 donums of non-irrigated land. The shortage of rain, the locust infestation and the agrarian reform are all looked upon as vital factors in the poor harvests that have forced the Government to import over 200,000 tons of wheat from Australia, Can-

ada, the U.S.S.R. and Turkey during 1959. The date crop was also poor in 1959; the quality was average but the quantity was estimated at 50 per cent below average in the southern area and 35 per cent below in the central area. Agricultural disease, lack of water, prevalence of dust and early cold weather accounted for this smaller harvest.

Pattern of Trade

Trade statistics for 1959 are not yet available, but the 1958 figures reveal that trade with the Eastern bloc remained insignificant. During that year the main sources of supply were the United Kingdom with ID23.08 million, the United States ID14.18 million, West Germany ID12.37 million, Japan ID8.59 million and India ID1.37 million. The main products imported were textiles, sugar, tea, foodstuffs, chemicals, pharmaceuticals, electrical appliances, timber, machinery and equipment, iron manufactures, motor vehicles, and electrical goods. Exports from Iraq in 1958 (including oil, ID185.536 million) amounted to ID202.434 million against ID128.425 million (oil, ID113.155 million) in 1957. These figures show the major rôle that oil exports play in Iraq's foreign trade. Imports into Iraq in 1958 totalled ID99.81 million. When the 1959 statistics come in, it will be interesting to see to what extent the trade agreements that the new regime in Iraq has signed with Russia and the satellite countries have affected the country's trade with the West. Present information shows a considerable reversal in the trade trend.

In 1957, Canada's exports to Iraq totalled $1,069,629; in 1958 they dropped to $969,000 and this trend continued until October 1959, when our large wheat exports ($2,878,715 in that month) brought our export figures for ten months to $3,613,160. There is a possibility that the business in wheat may be repeated for a few more years, but this trade cannot be regarded as permanent. It is expected that Iraq, a traditional exporter of barley and self-sufficient in wheat by 1957, will be able to rebuild its production soon. Traditional Canadian exports to Iraq include pharmaceuticals, aluminum, cooking ranges, milk powder, agricultural machinery, washing machines, and asbestos brake linings.

The new regime in Iraq has broken away from the sterling bloc. It has abolished the two-quota system—one for imports from soft currency and the other for those from the dollar or hard currency area—and has adopted one quota list without currency differentiation. Within the current system, however, there are categories such as prohibited imports, restricted imports which are subject to conditions and rules of the Directorate General of Imports and Exports, and goods for which permits are readily granted. At the end of October 1959, the Minister of Trade formed a committee to draw up the program of imports for 1960 in the light of current economic conditions and the national requirements. He asked the committee to have a list ready at the beginning of 1960, but nothing has yet been announced.

Given peace, the potentialities of the market in Iraq are great. Of all the countries of the Middle East, it is the one most favoured with natural resources. It receives large oil royalties, has extensive agricultural areas with adequate water supplies from the Tigris and Euphrates, a fairly large population, and a growing industry. Although its agriculture is going through a difficult period, this is a temporary situation and should right itself soon. Canadians should watch this market closely. ●

Jordan

British and U.S. money is financing development projects; opening of port at Aqaba highlight of 1959. Britain, West Germany and U.S. dominate import trade; Canada's share still small.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE economic development of Jordan continues at a steady pace. The new port of Aqaba on the Red Sea, Jordan's only direct access to the sea, was officially inaugurated last December. Financed by British development loans and built by British and German engineers, it has a dock 520 feet long that can now handle ships up to 20,000 tons. Facilities for loading and unloading are extensive and modern. Twelve oil-storage tanks with a total capacity of 16,000 tons are available. Trade through the port totalled 408,000 tons in 1958, against 147,000 in 1957 and 144,000 in 1956. Phosphate furnished almost all the outgoing tonnage (133,000 tons) in 1958.

Excavation of the East Ghor Canal, part of a project designed to irrigate 30,000 acres of land in the Jordan River valley within the next four to five years, is well under way. The East Ghor Canal authority, recently established by the Jordanian Government, is responsible for the construction and supervision of the whole scheme.

The pilot plant for the extraction of potash has been completed on the north shore of the Dead Sea. The main plant will be ready within two years and will have a capacity of 100,000 to 150,000 tons per year.

The production of phosphate, a major export, is being expanded to reach 500,000 tons a year by 1963; the 1958 figure was 320,000. The Jordanian Phosphate Company has signed a sales and barter agreement with the Yugoslav organization Jugometal, which will establish foreign offices to promote exports of this mineral. Yugoslavia will import an increased amount, part of which will be paid for by barter. Jordan's phosphate exports in 1958 reached 233,000 tons and were expected to climb to 300,000 in 1959. The new phosphate-loading berth at Aqaba will facilitate this export.

An oil refinery is being built at Zerka, north of Amman; it will draw its oil from the Trans-Arabian pipeline that crosses Jordan, bringing oil from Saudi Arabia to the Lebanese seaport of Sidon. A 30-mile branch pipeline will be needed and construction is expected to begin shortly.

The transportation system is expanding; a new road has been opened between Amman and the Dead Sea and the route from Amman to Aqaba will be completed in about a year. Plans for railway expansion include extension of the present line south to Aqaba. Five locomotives and 25 tank cars have been purchased with U.S. Point IV funds.

Financing Development

Most development works are being financed by the U.S. Point IV Program, the United Nations Relief and Works Agency, Jordanian Government departments, or the Jordan Development Board. The latter, created to prepare and co-ordinate a national development program, spent during the fiscal year ended March 31, 1959, JD3.5 million, obtained from Britain in interest-free loans. This went towards roadbuilding, afforestation, water resource development, improved vocational training and industrial and agricultural credit programs. Further projects under consideration are a fishing industry, copper and manganese prospecting, and topographical works. A search for oil is also going on.

Jordan's primary source of income is agricultural produce; fruits, vegetables and olive oil are exported. The 1958 drought seriously damaged crops and cut down the livestock population. However, this year's wheat harvest is estimated at 120,000 tons, double 1958.

PRINCIPAL AGRICULTURAL PRODUCTION

	1956	1957	1958
	(in thousands of tons)		
Wheat	242	220	67
Barley	96	81	17
Tomatoes	52	65	74
Cucumbers and melons	68	109	77
Olives	72	15	52

Foreign Aid

The economic health of Jordan continues to depend on the financial grants and loans from the United States and the United Kingdom. The budget for 1959-60 provides for expenditures of JD38.2 million*, an increase of JD2.7 million over the previous fiscal year. Revenue from internal sources is estimated at JD9 million. The deficit will be covered by foreign aid, mainly from the United States and the United Kingdom. Half of the total budget expenditure goes to defence.

U.S. budgetary aid during the fiscal year (April 1, 1959, to March 31, 1960) had reached U.S.$24 million by December 1959, compared with $43 million during the whole of the 1958-59 fiscal year.

The United Kingdom has given £2 million in budgetary aid during this fiscal year. An additional £500,000 was loaned to help in the construction of the desert road from Amman to Aqaba. These grants do not include military assistance, donations of surplus wheat and barley for relief purposes, UNRWA (United Nations Relief and Works Agency for Palestine Refugees), UNTAB (United Nations Technical Assistance Board), and the U.S. Point IV program for technical co-operation and economic assistance.

*One Jordanian dinar=US$2.80.

Markets and Suppliers

The principal markets in 1958 included the Syrian province of the United Arab Republic, Yugoslavia, Lebanon, Iraq, Czechoslovakia, Kuwait, Saudi Arabia and India. Agricultural produce and natural phosphates are the chief exports.

JORDAN'S MAIN MARKETS

	1957	1958
	('000 J. Dinars)	
Exports to:		
U.A.R. (Syrian province)	1,197.1	970.7
Yugoslavia	435.8	424.9
Lebanon	999.4	326.7
Iraq	465.2	305.3
Czechoslovakia	272.0	281.7
Kuwait	208.8	263.5
Saudi Arabia	295.2	255.5
India	153.3	198.3
Total, including all countries	4,302.3	3,139.3

Jordan's main suppliers in 1958 were the United Kingdom, West Germany, the United States, the Syrian province of the U.A.R., and Lebanon.

JORDAN'S PRINCIPAL SUPPLIERS

	1957	1958
	('000 J. Dinars)	
Imports from:		
United Kingdom	5,029.7	4,232.4
West Germany	2,461.1	3,754.7
United States	2,272.8	2,919.1
U.A.R. (Syrian province)	1,939.6	2,815.9
Lebanon (foreign re-exports)	2,724.8	1,978.9
Italy	1,298.2	1,402.6
Japan	1,328.1	1,372.1
Iraq	658.6	1,274.4
Lebanon	1,590.5	1,203.9
Netherlands	800.8	1,194.3
U.A.R. (Egyptian province)	1,175.2	1,049.8
Total, including all countries	30,486.2	34,028.7

Commodities imported during 1958 included oil and products, iron and steel and products, cereals (including UNRWA wheat and flour contributions), textiles, leather, etc.

Canada's exports to Jordan in 1958 were valued at $159,000 compared with $98,000 in 1957. Exports for the first nine months of 1959 amounted to $11,000, 18 per cent higher than for the same period in 1958. Apart from donations, shipments consisted of synthetic resin manufactures, primary aluminum, tires, washing machines, stoves, whisky, lumber, asbestos brake linings, etc. Canadian imports from Jordan continue to be small —only $5,516 in 1958.

Import Regulations

The list of prohibited imports, amended in January 1959, is as follows: cement (except white cement), cigarettes, arak (local alcohol), soft drinks, carbonic acid gas, and instruments and machines for new factories, unless recommended by the Ministry of National Economy. Later in 1959, wheat and flour (UNRWA donations excepted) and secondhand cars for commercial purposes were added to the list.

The main feature of the amended regulations is the abolition of the distinction between essential and non-essential goods. Previously, the Jordanian dinar could not be exchanged for foreign currency at the official rate when buying non-essential goods. The importer was obliged to buy foreign exchange on the free market at a slightly higher rate. This restriction on the purchase of foreign exchange at the official rate has now been eased.

The predominant role played by the United States and the United Kingdom in financing Jordan's economic development means they supply a good part of the country's imports. But although Canada's commercial sales to Jordan are extremely small, they are slowly increasing in value. ●

Kuwait

Keen competition for markets continues in this expanding oil-rich economy. Competitive prices and good local agents are of overriding importance.

E. A. MAKLOUF, *Office of the Commercial Secretary, Beirut.*

KUWAIT has become in a decade the most prosperous country in the Middle East because of its oil resources. Oil production, which in 1946 totalled 800,000 tons, reached over 70 million tons in 1958 and in that year brought to the 200,000 people of this small sheikdom a revenue of $415 million. Today its reserves are estimated at more than 20 per cent of the free world's total oil reserves.

The Kuwait Oil Company, a British-U.S. organization, is the principal concessionnaire. Two other U.S. companies operating in the neutral zone between Kuwait and Saudi Arabia produced four million tons in 1958. A Japanese company started offshore drilling in 1959.

Development Projects

Using the large royalties, Kuwait is developing into a modern country. Fine schools, houses, estates, public buildings, new roads, fluorescent street-lighting, hospitals and free health and welfare services are evidence of the progress made in a relatively short period. Expansion continues and, in addition to improvements in the oil industry, further projects are being planned and executed. These include:

- A deep-water harbour being built by a U.S. company. Two berths are already in operation and the remainder will be completed in mid-1960 at a total cost of $23.5 million.
- A second water-distillation plant with a daily capacity of 1.3 million gallons. Westinghouse holds the contract.
- An international airport, the contract for which has gone to a British firm of consultants. It will cost $15 million.
- A government hotel ($4 million) and two public buildings ($6 million).
- A sewage system for the town of Kuwait. A German firm received the contract for the project design.
- A water-distribution network.
- A gas-bottling plant.

Invitations to tender on development projects are circulated internationally but only Kuwaiti firms registered with the Development Board can bid; this makes it necessary for foreign contractors to have Kuwaiti partners or agents. United States, British, German, Austrian and other firms have already complied with this regulation. Similarly, foreign individuals and firms cannot start a business except in partnership with a Kuwaiti. Immovable property may be owned only by Kuwaitis or, with permission, by other Arabs.

Trade Increases

The growth of the market shows a continued interest in goods from abroad. Imports in 1958 reached about $200 million (not including purchases by oil companies), an increase of 25 per cent over 1957 and 100 per cent over 1955. The main imports were machinery, iron and steel, construction materials and equipment, foodstuffs, textiles, clothing and automobiles. The United Kingdom remained the leading supplier with 29 per cent of the market, followed by the U.S. (20 per cent), Germany (9 per

cent), Japan (8 per cent), and India (5 per cent).

Exports consist almost entirely of oil and nearly all of it is shipped abroad. The United Kingdom is the largest buyer, taking about one-third of Kuwait's oil exports.

Import Regulations

Except for prohibited goods such as arms, ammunition and narcotics and for alcoholic beverages which require a licence, all commodities may be freely imported and can be paid for with exchange easily obtained on the free market. Import tariffs are low. There is an over-all rate of 4 per cent calculated on the c.i.f. value.

Trade Opportunities

Statistics of trade between Canada and Kuwait are not available. The volume of business is not large, mainly because there are no direct shipping connections. Some Canadian products are available in the market, such as canned foodstuffs and flour, plastic laminate, oil lamps and stoves. Poor cereal crops in Syria and Iraq recently have elicited inquiries for Canadian wheat and barley.

Freedom of trade, the large income from oil and the constant rise in the standard of living make Kuwait a market worth attention. Despite its remoteness, the country relies entirely on imports to meet its needs and therefore offers good opportunities to business, consultant and construction firms alike. Success in selling depends on two important factors. The first is price. Because of the keen competition in this market, the Kuwaiti is price-conscious. Second, although limited knowledge of foreign languages and trade techniques may make correspondence rather sporadic, the Kuwaiti merchant appreciates personal contacts and prompt handling of correspondence by suppliers. Canadian firms should gain by following up their correspondence (by airmail) and particularly by visiting their clients. ●

Lebanon

Economic recovery proceeded apace in 1959; foreign holdings in Lebanese banks are rising, exports and imports expanding. Canadian exporters are benefiting from this upsurge.

W. B. WALTON, *Assistant Commercial Secretary, Beirut.*

THE Lebanese economy is back on its feet. Barring radical changes in the present relative stability of nearby countries, the prospects for Lebanese business are good. Before examining business conditions in detail, a brief look at the economic background might be useful.

Lebanon's 1.4 million people live in a country 4,000 square miles in area. Its backbone is a range of mountains separating the narrow coastal plain on the Mediterranean from the beautiful and fertile valley of the Bekaa. A second range on the east forms the border with the Syrian Province of the United Arab Republic. North of Lebanon the Syrian frontier continues to the Mediterranean. To the south lies Israel.

Resources Are Limited

Natural resources are extremely few. The rugged terrain limits the amount and variety of agricultural produce and increases the cost of cultivation. Citrus fruits, apples, grapes, olives, pears, peaches, bananas and vegetables, including sugar beets, are the major crops; tobacco is also important. Limestone is abundant and there is a small deposit of iron ore.

One of Lebanon's most valuable assets is its geographical location on the eastern Mediterranean, through which run the main trade routes from Europe to Asia and Africa. This means relatively easy access for raw materials (and for tourists) by air and sea.

Lebanon's highways are being continually improved and internal transport is not costly. But roads leading to other Middle East countries are still inadequate and transport costs high. Railway lines between Lebanon, Syria and Jordan are only suitable for bulky low-cost goods.

Few Large Industries

Lebanon is not an industrialized country. About one-half of the population earns its living from agriculture, which accounts for one-fifth of the national income. Some of the industries are based on natural resources. A good quality cement is obtained from Lebanese limestone deposits and this has led to the establishment of secondary industries producing concrete products such as drainage and water pipes, and other construction materials—marble, tiles, kitchen sinks, plumbing fixtures, etc.

The Lebanese tanning industry processes about 125,000 hides a month. A good-sized textile industry imports its raw cotton from Syria and Egypt. Iron, steel and aluminum are imported and made into kitchen utensils, metal furniture and other hardware. There is one blast furnace smelting local iron ore.

The oil refinery at Tripoli is supplied by the Iraq Petroleum Company pipeline that brings oil from Iraq. Another refinery at Sidon draws its crude oil from a second (Trans-Arabian) pipeline joining the fields in Saudi Arabia to the port of Sidon.

The food-processing industry has developed rapidly in response to local demand for chocolate, biscuits, milk, macaroni, beverages, etc. However, a large proportion of urban families have developed a preference for imported foods, and

Citrus fruit grows well in the Mediterranean climate of Lebanon's coastal strip and has become one of the country's important crops. The photograph shows Lebanese women sorting oranges after picking.

these exceed in volume the production of local food-processing plants. Other industries include the making of footwear, clothing, soap, and furniture.

The present cost of electric power is high and the supply inadequate. Completion of the Litani hydro-electric and irrigation project in the early 1960's will help to overcome this problem.

Background of Business

Most businessmen in Lebanon are traders and about one-third of the country's total income is earned through trade. Two-thirds of this comes from import, transit and entrepôt activities. The Lebanese trader, in addition to his own thorough knowledge of trading techniques, benefits from a highly developed financial market, easy communication with the rest of the world, and a large port and free zone at Beirut. Although most of the local trading firms doing business with foreign countries are small, their principals show shrewdness and ingenuity in opening up new avenues of business.

The domestic market is small and income unequally distributed. About 80 per cent of the population lives on one-quarter of the national income. Approximately one-third of the Lebanese reside in or near Beirut and enjoy relatively high purchasing power. The market for manufactured goods therefore lies mainly in Beirut. Other markets are Tripoli and Sidon.

There are many commercial banks, both foreign and local, and they have extensive experience in financing foreign trade. They normally grant loans to their customers for up to three months, and sometimes six. Nevertheless, one of the small importer's main problems is obtaining funds to permit him to pay overseas exporters promptly, while granting a credit of 30 days or more to his own customers. Foreign suppliers usually want payment by irrevocable letter of credit. For expensive durable goods such as cars, washing machines and refrigerators, instalment buying has become the normal practice in the highly competitive Lebanese market. The importer thus often needs credit.

The last analysis of conditions in Lebanon (see *Foreign Trade* of January 17, 1959) remarked on the miraculous recovery of commercial life following the internal crisis and expressed cautious optimism for the future. Continued political stability and increasing economic activity have confirmed this view. Building, mainly residential, continues steadily and consumer spending is high. Bank deposits reached Lebanese £621 million in April 1959, compared with Lebanese £605 million early in 1958. Foreign holdings in Lebanese banks have risen from a low of U.S.$20 million in 1958 to U.S.$75 million—an indication of the growing confidence of the foreign investor in Lebanon's stability.

Exports and Imports

Exports during 1958, the year of crisis, were valued at Lebanese £127 million, about 29 per cent below the 1957 total of £178 million. The principal commodities exported in 1958 were oranges, lemons, apples, bananas, hides and skins, vegetables and gold. The chief markets included the Syrian Province of the U.A.R., Kuwait, Saudi Arabia, Jordan, France, the United States, Iraq, the United Kingdom and the Soviet Union. The Arab countries took 45 per cent of Lebanon's exports and the Soviet Bloc 7½ per cent. For the first half of 1959, sales abroad reached Lebanese £64 million.

Chief imports into Lebanon in 1958 included gold, iron, steel and products, mineral oils, machinery, electrical equipment, motor vehicles and accessories, cereals and textiles.

EXPORTS FROM LEBANON

	1957	1958
	('000 Lebanese £)	
U.A.R.	33,204	23,869
Saudi Arabia	23,498	16,027
France	7,966	8,716
Britain	7,599	7,275
Iraq	13,349	6,654
United States	6,975	6,102
West Germany	5,604	3,814
U.S.S.R. and Communist Bloc countries	11,959	9,959
Others	67,914	44,341
Total	178,068	126,757

IMPORTS INTO LEBANON

	1957	1958
	('000 Lebanese £)	
Britain	115,196	88,481
United States	81,767	71,914
U.A.R.	104,935	63,560
France	54,967	49,322
West Germany	43,309	39,387
Italy	36,630	33,548
Saudi Arabia	39,770	32,883
Iraq	24,795	23,964
Belgium	18,061	14,915
Sweden	6,573	11,807
Switzerland	18,530	11,143
Netherlands	12,532	10,848
U.S.S.R. and Communist Bloc countries	24,765	16,812
Others	84,205	80,391
Total	666,035	548,975

Total imports fell from Lebanese £666 million in 1957 to £549 million in 1958—a drop of about 18 per cent. For the first half of 1959, imports totalled £329 million.

Britain remained Lebanon's main supplier in 1958, followed by the United States, the United Arab Republic (Syrian Province), France, West Germany, Italy, Saudi Arabia, Iraq, Belgium, etc.

Transit Trade

The revenue gained from transit trade in commodities makes up an important part of Lebanese income. With remittances from Lebanese overseas, the tourist trade, and services, it helps to cover the annual deficit in the trade balance. Losses to the transit trade in 1958 were serious; total traffic declined from 587,000 metric tons in 1957 to 329,000 in 1958. As 90 per cent of this trade is carried on with Syria, Jordan and Iraq, subsequent restrictions placed on overland freight by these countries have prevented the Lebanese transit trade from making a quick recovery. An agreement between these countries has just been reached but it is too early to forecast its effect upon the transit of merchandise through the port of Beirut to Syria, Jordan, Iraq and Iran.

The transit of oil via the pipelines to Tripoli and Sidon continues steadily. Oil royalties have increased following the signing of a new agreement between the Iraq Petroleum Company and Lebanon in June of this year. The annual sum paid by IPC for transit and loading privileges is £1,225,000 sterling. This will undoubtedly be revised with the completion of a third pipeline currently being constructed between Tripoli and the Syrian border.

Trade with Canada

Canada's exports to Lebanon rose from $1.12 million in 1957 to $2.24 million in 1958—a 100 per cent increase—chiefly as a result of the considerable quantities of wheat flour donated by Canada to the United Nations Relief & Works Agency. In 1959, the figure stood at $3.42 million. Commodities with larger sales in '59 included primary aluminum, passenger cars, wheat, milk powder, toilet paper and medicinal preparations. A poor harvest in Syria—Lebanon's traditional supplier—enabled Canadian wheat to enter in relatively large quantities. Other commodities supplied include asbestos milled fibres, brake lining facings, washing machines, lumber and tires.

Canadian imports from Lebanon in 1958 totalled $81,000 compared with $43,000 in 1957. Aside from settlers' effects, the main item was oriental carpets. Imports during the first nine months of 1959 totalled nearly $20,000.

Exchange, Import Regulations

The Lebanese pound is stable and freely convertible; it has a 77 per cent gold coverage, higher than most other currencies. There are no restrictions on exchange. The present free market rate is Lebanese £3.17 to the U.S. dollar; the Canadian dollar is quoted at Lebanese £3.30. The official rate, Lebanese £2.19=$1 (U.S. or Can.) is used only to calculate customs duties.

Goods prohibited from entering Lebanon include narcotics, diesel vehicles and engines, tobacco, cigarettes and cigars, weapons and other implements of war. About 34 commodities require an import licence; those of main interest to Canada are wheat, barley, oats and rye, powdered milk, pears and apples, oranges and lemon juice, footwear, leather and furniture. All other commodities may be imported freely.

The Lebanese economy has its share of problems but it is showing strength and resilience in overcoming them. The Government, aware of the country's needs, has been financing an expansion program that includes hydro-electric, airport, fisheries, irrigation, highways and industrial development.

Lebanese industry has doubled its capacity since the end of the war; the number of industrial plants has increased by 50 per cent since 1949. Industrial growth up to 1963 shows a projected capital investment of about Lebanese £500 million, as against Lebanese £300 to £350 million at the end of 1958.

This economic development, coupled with the rising demand for goods in the Middle East generally, makes Lebanon a market for Canadian businessmen to study seriously. Although it is highly competitive, consumer and industrial needs are growing. With initiative and perseverance Canadian exporters can share in meeting this demand. ●

United Arab Republic

Syrian Region

Restrictions on imports eased and certain customs tariffs reduced to help difficult situation created by poor grain harvests and low cotton prices. Trade last year marked by shift to the West; Canadian sales decreased.

C. O. R. ROUSSEAU, *Commercial Secretary, Beirut.*

SINCE the beginning of 1958, when Egypt and Syria came together to form the United Arab Republic, Syria has lost its status as a country in its own right and has become the Syrian or Northern Region of the U.A.R. The union was regarded as a step towards greater Arab unity, but the merger of a highly controlled economy like that of Egypt with a relatively free economy like Syria's brought with it many economic, financial and social problems.

Problems and Remedies

These problems have been aggravated by two successive poor wheat and barley crops in Syria in 1958 and 1959, and by the low prices received for cotton in the past two years. Because the wheat, barley and cotton crops are the main sources of foreign exchange and because agriculture provides over 50 per cent of the Syrian national revenue, the country naturally finds itself in a difficult situation. The authorities of the U.A.R. recognized the seriousness of the situation and last October saw a modification in the Government of the Northern Region. President Nasser sent a special envoy to act in his name and suggest measures to speed up the development program and help in every possible way the sagging trade of the Syrian Province. It is too early to forecast the effects of this new policy but the feeling is that the steps taken will prove helpful.

The Minister of Economy has made a frank appraisal of the economic situation. The merchant community has been able to air its grievances and steps have been taken to ease the restrictions on imports. The customs tariffs on certain articles have been reduced by 80 per cent. Negotiations between Lebanese and Syrian authorities are now taking place to improve commercial relations between the two countries. Discussions are also in progress between Lebanon, Jordan, Saudi Arabia and the Syrian Province on the restrictive measures on the transport of transit goods between the four countries.

The Five Year Industrial Plan, started in November 1958 and financed mainly by Russian credits, is well under way and the Minister of Industry reported in November that it was expected to take three years rather than five and to be completed by the end of 1961. In addition to Russian aid, the Syrians are again receiving financial assistance from the United States. In November 1959 an agreement was signed between the United Arab Republic and the United States, under which the latter undertook to sell $9.6 million worth of wheat and barley for Syrian pounds; the proceeds are to be reinvested in development projects in Syria. Further financial help has come in the form of a $10 million loan granted by the World Bank to be used to modernize Syrian transportation and communications networks.

Main objective of this plan is to lessen Syrian dependence on agriculture. In the first year (1959) S£106.5 million was spent on various industrial projects, ranging from an oil refinery in Homs to seven flour mills, three small nail factories, three rubber shoe factories, six pharmaceutical laboratories, two cotton-ginning plants, an assembly plant for radios, and many other small plants in the textile, knitwear, soft drinks and food-processing fields. Other projects to be completed in a few months' time include a cement factory in Aleppo, a rug factory in Damascus, an assembly plant for refrigerators and washing machines, a milk pasteurization plant, a detergent factory, and one for making chocolates and biscuits. In 1960 many of the existing textile factories will be expanded but the important new project is a pulp and paper industry, with plants to produce 20,000 tons of rayon pulp, 25,000 tons of newsprint, and 20,000 tons of kraft paper a year. Two Canadian experts are preparing a report on the availability of local woods for this industry. Other large projects for this year are a fertilizer factory near Homs (for which Italian, U.S. and West German firms have submitted bids) and a six-inch pipeline to bring the Homs oil-refinery products to Damascus and Aleppo. Development expenditure in 1960 under the Five Year Plan is expected to amount to S£154 million; total expenditures under the Plan are estimated at S£560 million.

General Development

The Syrian Region derives its main revenue from agriculture and this has influenced the direction of capital investment in the Ten Year Economic Development Plan towards irrigation and hydro-electric projects. The Ten Year Plan now provides for the investment of S£4,500 million at an average annual rate of S£450 million, and it is estimated that 36 per cent of it will go to irrigation projects. About 500,000 hectares are under irrigation at present and this can be increased to 1.5 million with the present irrigation plans. This pro-

gram would raise the percentage of irrigated to arable land from the present 7 to 27 per cent and boost agricultural production by 47 per cent. Syrian crops would also be less at the mercy of the elements. To show how weather affects these crops today, in 1957 agriculture contributed S£1,061 million to the national revenue; in 1958, because of drought, the total fell to only S£555 million, according to a report by the Ministry of Planning.

Another factor in development is oil. Syria is still regarded as a non-oil-producing country but a field has been discovered in Karatchoc and four wells are producing about 3,020 barrels a day. A credit of S£10 million has been allocated for the drilling of four more wells in the same region in 1960 to test the commercial possibilities.

Figuring largely in Syria's domestic and export trade are wheat, barley and cotton. The size of the next wheat and barley crops has not been estimated but the cotton crop is reported at 98,000 tons, slightly above 1958's 96,500 tons. Sales are going well. From September to the end of November 1959 about 50,712 tons were exported, compared with 24,287 tons in the same period of 1958. Main buyers have been France (21,240 tons), the U.S.S.R. (6,920) Italy (5,588), West Germany (5,222) and Japan (4,581). The Syrian authorities estimated the exportable surplus at 34,000 tons in December and a sale of 100,000 bales to India was being negotiated.

Trade Shift

Syria's import and export trade has shown a definite trend away from the Communist Bloc. Up to 1959, the U.S.S.R. and its satellites were becoming more and more important in Syrian trade. The 1959 statistics reveal a reversal. In the first half of last year, only S£40 million of Syria's total imports of S£320 million came from the Communist Bloc; S£175.5 million came from the West. Only 12 per cent (S£23 million) of Syria's exports went to the Communist Bloc, as against 46 per cent (S£85 million) to the West.

The table below shows the balance of trade of the Syrian Province for the last four years; note the large unfavourable balance for 1958 and for the first half of 1959. This resulted from the decrease in Syria's cereal exports and the increase in imports needed for the various development programs.

	Exports	Imports	Balance
	(millions of Syrian £)		
1956	516	719	—203
1957	548	616	— 68
1958	420	730	—310
1959 (Jan.-June)	186	320	—134

Syria's principal suppliers are West Germany, France, the United Kingdom, the United States, the Netherlands, Belgium, Lebanon, Italy, the U.S.S.R., Japan and Austria. Her main customers are Lebanon, France, the United States, Saudi Arabia, Jordan, the United Kingdom, Czechoslovakia, Iraq, Kuwait and the U.S.S.R. Trade between the Egyptian Province and the Syrian Province is not yet completely duty-free and in 1959 was in favour of the Syrian Province. In 1958, the Egyptians exported to Syria S£25.5 million worth of goods and imported S£16.5 million, giving the Egyptians a favourable balance of S£9 million for the year. In the first nine months of 1959, the same balance of S£9 million was in favour of the Syrian Province. The main exports from Syria to Egypt are onions, apples, nuts (including pistachios and almonds), apricots, plywood, rayon textiles, woollen textiles, nylon socks and stockings, and dresses of synthetic fibres. Syrian imports from Egypt include potatoes, rice, petroleum products, rayon fibres, cotton yarns, cotton textiles, etc.

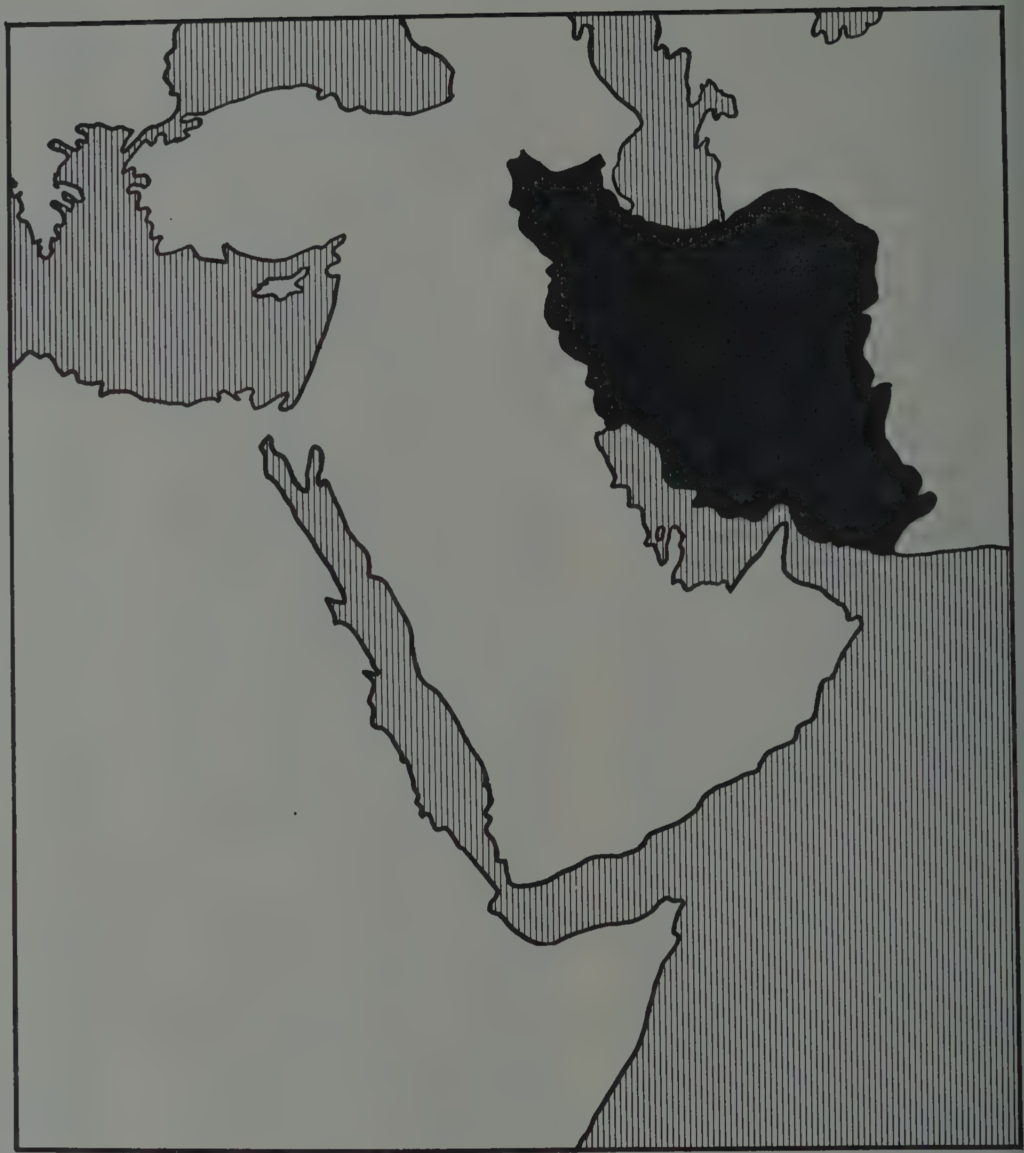
Trade with Canada

Canada's trade with the Syrian Province is normally in our favour. In 1957, out of a total trade of \$1.05 million, the balance was \$570,133, in our favour. Similarly, in 1958 out of a total trade of \$989,000 Canada had a favourable balance of \$583,664. For the first nine months of 1959, although the balance was still in Canada's favour, trade with Syria has suffered a definite setback. Canadian exports to Syria (up to and including September) reached only \$280,905 and imports from Syria \$55,723. The only two commodities of importance exported to Canada are cotton linters and unstemmed tobacco. Canadian exports to Syria consist of tires, agricultural machinery, pharmaceuticals, steel plates and sheets, nuts and bolts, linseed and flaxseed oils, Douglas fir lumber, secondhand clothing and rags. Although Syria was a good market for farm machinery in the past, sales in the past two years have been negligible because of poor crops.

Trade Restrictions

After the union with Egypt, restrictions on trade increased and it became virtually impossible to secure import permits for a wide range of goods regarded as luxuries. The merchant community felt that this was one of the main factors in the sluggishness of trade and the Chambers of Commerce in Damascus and Aleppo protested vehemently to Nasser's representative. These protests resulted in an 80 per cent reduction of customs duties on consumer goods such as butter, cheese, meat, fish, films, cosmetics, perfume, records, gramophones etc. Other items such as chewing gum, flowers, etc., regarded as luxury goods were taken off the list of prohibited imports and the restrictions on the import of watches and woollen textiles were eased. All imports into Syria, however, still require an import permit.

Syria is going through a difficult period, but with the development of its industry and agriculture and the consequent improvement in the standard of living of the people, it should offer a worthwhile market for many consumer goods. ●



Iran

Fall in foreign exchange reserves has affected trade and lack of money has curtailed development plans, though oil output and income are rising. Canada's sales of commodities increased last year but opportunities for engineering services and equipment dwindled. Restrictions on imports are expected.

A. B. BRODIE, *Commercial Counsellor, Tehran.**

BUSINESS conditions in Iran have improved slightly and are somewhat better than forecast in *Foreign Trade* of September 12, 1959. Oil revenues last year, which many believed would fall by over $20 million, have, according to a recent official statement, exhibited a marked and surprising improvement of some £4 million. Imports continue to be large and, when the final figures are published at the end of the current Iranian year (March 20, 1960), may make necessary stricter measures to curb generous purchases of imported luxury goods. Foreign exchange holdings (excluding gold) are at the low level of under $80 million. The Second Seven-Year Plan Organization still suffers from financial strains and stresses in endeavouring to carry out its various industrial and social programs. So serious, in fact, are its finances that some projects have been shelved altogether, including purchases of agricultural equipment through the Agricultural Bongah of the Plan Organization.

In spite of a sharp fall in world prices of oil, Iranian crude output, which reached 44,677,000 long tons in 1959 (some 12 per cent better than in the previous year), gave the country oil royalties of £92 million for the year (1958=£88.2 million). Output of refined oil last year reached 15.4 million long tons. Other substantial foreign exchange payments made in Iran by the operating companies during the past year may raise the final total of royalties and foreign exchange earned from the operating companies over the previous year's £114,750,000.

Iranian Exports

Although it is true that Iran's future trade policy is closely associated with the price of oil, Iranians are focussing more attention on exports of products other than oil —mainly minerals, dried fruits and nuts, carpets, hides and skins, and casings. Up to the present, however, the volume of exports has been disappointing and the value for the year, almost $88 million, is low. One reason is the larger domestic market, particularly for foodstuffs, but the main one is that Iranian quality and prices have not kept pace with offerings from alternative sources of supply. Mineral production offers probably the best long-term development prospects and many believe that the surface has scarcely been scratched. High-grade iron ore, chromite of excellent quality, barytes, lead and zinc are found in appreciable quantities. To encourage the development of the Iranian mines, the Government recently passed a decree that exempts mining companies from taxation for

*The author wishes to acknowledge the assistance of W. Van Vliet, Acting Commercial Counsellor in Iran during his absence on leave, in preparing this report.

An elderly Iranian and his two donkeys on the streets of Tehran seem unperturbed by the Mercedes-Benz bus pulling out to pass them and by the other motor traffic. In the background, left, the Bank Bazargani, (Commercial Bank of Iran).

five years. In an effort to assist exports generally, the Iranian authorities have taken the following measures:

- Established a standardization bureau to raise standards and establish grades for export commodities.

- Granted freight-rate subsidies to exporters of certain commodities.

- Increased funds and terms for export financing.

Iran's more important exports (exclusive of oil) are as follows:

	Per cent of total exports
Raw cotton	18.5
Carpets	16.7
Fruits	19.4
Hides and skins	5.7
Wool	8.9
Casings	2.3
Minerals	3.5
Oilseeds	0.9
Others	24.1
Total	100.0

Western Europe continues to be the best outlet for Iran's exports, as it is for oil. West Germany, the United States, and the United Kingdom combined took almost 45 per cent of Iran's exports (excluding oil) last year. The U.S.S.R.'s imports, although off, make up about 11 per cent of the total. Canada is a fairly large importer of some of the goods listed above but Iran is a principal Canadian supplier of dates only. Potentially, therefore, Iran could increase its present exports of under $1 million (excluding oil) to Canada quite substantially.

Canadian Exports

Canada's small but increasing volume of exports to Iran covers a wide range of commodities. Figuring largely are consumer goods other than food products, manufactured parts, farm machinery, and raw or semi-manufactured materials for Iranian industries. Our total sales to Iran in 1959 reached $2.25 million, compared with $1.65 million in 1958.

Up to the present, no Canadian engineering firm has succeeded in winning a contract under the one-billion-dollar Seven Year Plan nor, for that matter, have Canadian firms completed subcontracts for appreciable amounts of equipment. As the industrial development of the country continues to gather momentum and the proposed projects obtain assured financing, there will be room in this country for Canadian exporters who can match European quotations and terms of payment. The World Bank recently approved a loan equivalent to $42 million towards financing the much discussed multi-purpose project on the Dez River. To complete the over-all irrigation, transmission and industrial plans, however, more millions must be forthcoming. This extra burden of loans will prove difficult for the Iranian Government to shoulder. As it is, interest and repayment on outstanding loans from various institutional and private sources will total close to $70 million during the next Iranian year.

Over the past year there has been a tendency to terminate contracts of foreign consultants rather than renew them or look for additional technical services.

Legislation for a third Seven Year Plan, which will follow the present program which comes to a close in September 1962, is already being drafted. It is too early to say whether favourable opportunities will await Canadian engineering firms under the new plan and unfortunate that the possibilities for consultant and construction services under the present one are becoming more remote.

Commercial Policy

Even a crystal-gazer would find it difficult to forecast the Iranian Government's trade policy over the next ten months. The new Minister of Commerce who took over on January 31, 1960, will be faced with decisions that may not please all importers nor indeed many consumers. To cut down on certain luxury and semi-luxury imports, restrictive measures in the form of either quotas, higher customs duties, or higher commercial profits taxes will be introduced. Some believe that still higher commercial profits taxes will be imposed and that this will bring the desired results and yet keep the door partially open to luxury imports. Because many products are now being manufactured in Iran and the list is growing, Canadian firms can expect protective tariffs on an increased range of commodities. These protective tariffs may, of course, tend to encourage Canadian firms to manufacture in Iran with some degree of success.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

Markets in Brief

LEBANON

Area: 4,000 square miles.

Population: 1.6 million.

Climate: typical Mediterranean—summer warm and damp in coastal area, pleasant in the mountains; winter wet and mild. Cold and dry in the mountains, with snow above 4,000 feet.

Language: Arabic; French and English widely used.

Currency: Lebanese pound=100 piastres. Can.$1.00=L£3.30 at free market rate. The official rate, for customs evaluation purposes only, is Can.$1.00=U.S.$1.00=L£2.19.

Weights and measures: metric system.

Capital: Beirut—at sea level.

Chief ports: Beirut, largest, with a free zone; Tripoli, second port and terminal of oil pipeline from Iraq; Sidon, port and terminal of oil pipeline from Saudi Arabia.

Marketing centres: Beirut (population) 500,000; Tripoli 120,000; Sidon 50,000.

Economy: based on agriculture (cereals, vegetables, fruits); industry (cement, textiles, tanneries, oil refining); free trade (including transit), free exchange, and tourism. Also large currency transfers from Lebanese living overseas and royalties for oil transit via pipelines.

Total Lebanese imports: 1958—U.S.$249.5 million; 1957—U.S.$302.7 million.

Chief imports: 1958 (in per cent)—gold ingots and coins 9.3; iron, steel and products 8; mineral oils 8; machinery, apparatus 5.5; electrical equipment, materials, appliances 4.9; motor vehicles and accessories 4.5.

Chief suppliers: 1958 (in per cent)—United Kingdom 15.8 (gold accounting for half), United States 12.2, Syria 10, West Germany 7, Iraq 5.8 (principally oil).

Value of imports from Canada: 1958—Can.$2.2 million; 1957—Can.$1.1 million.

Chief imports from Canada: 1958 (in per cent)—flour 51.7, asbestos milled fibres 10.5, tires 3.9, washing machines 3.8, wheat 3.6.

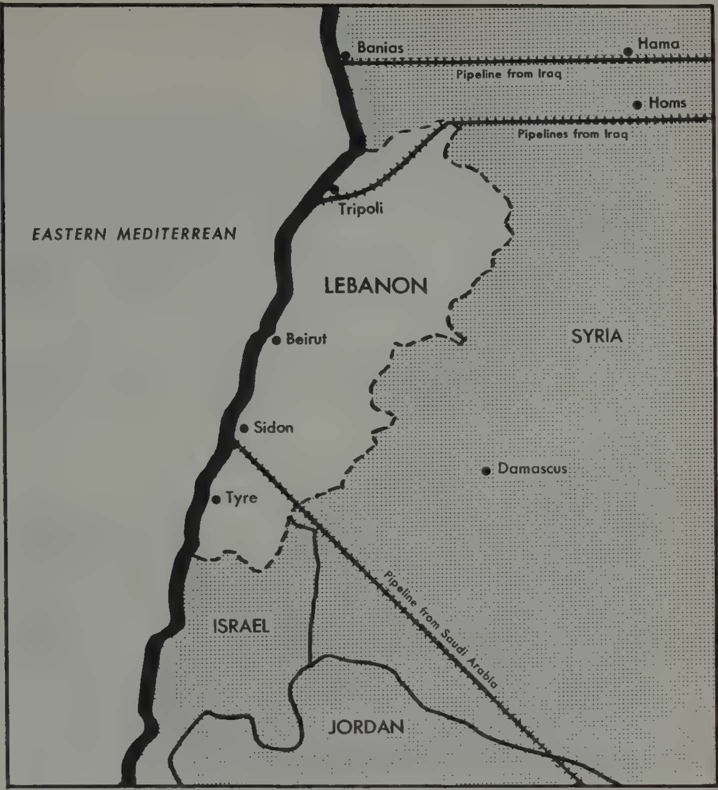
Total Lebanese exports: 1958—U.S.$57.6 million; 1957—U.S.$80.9 million.

Chief exports: 1958 (in per cent)—oranges and lemons 12; fresh and dried vegetables 9; gold 8; apples 7; bananas 4; hides, skins, leather 4.5; tobacco 3; cotton 3; wool 3; textiles 3.5.

Chief markets: 1958 (in per cent)—Syria 12, Kuwait 8.4, Saudi Arabia 7.6, Jordan 5.6, France 4.2, United States 3.2, Iraq 3.

Value of Canadian purchases: 1958—Can.$80,750; 1957—Can.$43,292.

Chief Canadian purchases: 1958 (in per cent)—oriental carpets 6.4; tourists' purchases 5.2.



Transit: 1958—crude oil 26.6 million tons, commercial goods 269,000 tons; 1957—crude oil 19.6 million tons, commercial goods 480,000 tons.

Dollar and foreign exchange: readily available on the free market. U.S.$1=L£3.17.

Prices: quote in U.S. dollars, c.i.f. whenever possible.

Samples: free if of no commercial value; subject to import duties if of any commercial value.

Trade agreements: most-favoured-nation tariff treatment as long as Lebanon continues to grant the same treatment. Equal tariff treatment by Lebanon of imports from all countries, including Canada. Exceptions are Japan and Arab countries.

Import controls, documentation, customs tariffs, marking and labelling: except for some products which require a prior licence before a firm order is placed abroad, and a few prohibited goods, no import licences are required. Consult the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Banks: increasing in number; there are now more than 35 approved banks, including U.S. and European. Many act as correspondents for Canadian banks.

Correspondence: airmail only; letters 25 cents per half-ounce.

For detailed information on this market write:

Asia and Middle East Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa

or

Commercial Secretary
Canadian Embassy
Boîte Postale 2300
Beirut, Lebanon
(by airmail only)

Import and Exchange Regulations in the Middle East

The following pages contain a summary of the import and foreign exchange control regulations in effect in the Middle Eastern countries covered in this issue.

BAHRAIN

Import permits are not required and there are no quota restrictions. The import of certain goods, such as fire-arms and ammunition, is prohibited. Exchange may be sold freely to residents within the Persian Gulf area and customers may use local currency to liquidate drafts drawn on them. The issue of recommendation certificates by the local exchange control for the allocation of official exchange is limited to exceptional cases because free market exchange is available.

IRAN

With the exception of certain listed unauthorized and prohibited goods, most merchandise may be imported by purchasing exchange through an authorized bank. Certain listed and unauthorized imports may be imported under special conditions. There is an over-all import quota that can be increased if it proves inadequate, depending on the availability of foreign exchange. Special regulations apply to imports financed under ICA procedure. The presentation of an import licence is necessary for releasing goods from Customs after arrival at the Iranian frontier. The import licence is issued automatically if evidence of the purchase of the required foreign exchange from an authorized bank is presented. Under prevailing regulations, all shipments to Iran entering under documentary credits must be insured with officially registered insurance companies in Iran. Control of exchange is entrusted to the Bank Melli Iran which supervises all exchange operations. All foreign exchange transactions must be effected through specifically authorized banks.

IRAQ

Under regulations effective March 21, 1959, all goods imported into Iraq are subject to prior import licence, with the exception of commercial samples up to a value of ID50. Licences issued by the Ministry of Supply must be obtained before orders are confirmed abroad. Exporters should make certain that a valid import licence has been issued before goods are shipped because without it, foreign exchange will not be released. Imports are on a quota and importers are allotted individual import quotas but these are limited to those who have received their classification and hold importers' identity books. Import licences are valid for twelve months and during that time the letter of credit must be opened through one of the authorized banks. Failure to establish the letter of credit within the required period automatically cancels the licence. All transactions in foreign exchange must be carried on through a licensed dealer or authorized bank and should first be approved by the Central Bank of Iraq.

ISRAEL

Import licences issued by the competent licensing authorities are required for most imports, with the exception of direct government imports, passenger baggage and certain gifts. The import licence serves also as the authority to buy foreign exchange. Importers must deposit a percentage of the value of the import licence when the licence is approved; this deposit is refunded when the letter of credit is opened. When the licence is presented to an authorized bank, the latter provides the foreign exchange. In general, the import of essential goods receives preference. The period of validity of import licences varies and depends on the anticipated date of arrival of the merchandise. Goods may be released from Customs when the import licence has expired, if it is proved that they left the country of origin while the licence was still valid. Merchandise not covered by an import licence is subject to confiscation upon arrival in Israel.

JORDAN

An import licence and exchange permit are required for all merchandise entering Jordan, with the exception of certain prohibited goods, those from the neighbouring Arab countries, and imports valued at less than JD50. For all goods imported under documentary letter of credit both an import licence and exchange permit are required. Import licences are issued by the Import and Export Department of the Ministry of Trade and Customs, are valid for six months, and may be extended for justifiable reasons. The granting of an

import licence means that the necessary foreign exchange is allocated for payment, but application for the exchange permit must be made immediately. Import licences are valid for opening documentary credits up to 45 days from the date of issue. In all cases, an exchange permit must be issued by the Controller of Currency before an importer can purchase exchange at the official rate. Goods must arrive in Jordan not later than one month after the import licence expires.

KUWAIT

Imports into Kuwait do not require a permit and only a few are prohibited. There are no exchange regulations on imports from the dollar area and exchange is supplied from the free dollar market. Usually the supply of exchange is adequate and normally there is no delay in providing it. Bills are not usually paid on receipt because merchants are accustomed to wait for the arrival of the goods.

LEBANON

With the exception of certain listed articles for which a prior import licence must be obtained before a firm order is placed abroad, most other goods may be imported freely without a licence. A few goods cannot be brought in. Imports are paid for in foreign exchange bought in the free market. All exchange transactions, except for a few government transactions such as the collection of customs duties, are conducted at the free market rate of exchange. The transfer or remittance of any currency is not restricted.

SAUDI ARABIA

On January 1, 1960, a new initial par value was announced for the Saudi Arabian rial, 4.50 to U.S. $1.00. With the introduction of this new official rate, all import and exchange licensing was cancelled and payment for all imports and the transfer of exchange became absolutely free and unrestricted. All import licences issued before the announcement of the new law and covering merchandise for which irrevocable letters of credit were established remain valid at the old official rate. The only remaining restrictions are on the re-export of goods imported with government subsidy. The import of a few items remains prohibited.

SUDAN

Effective July 15, 1959, an Open General Licence was established for a list of commodities; these may be imported freely. All other imports are subject to licences from the Ministry of Commerce, Industry and Supply and are not valid until the Ministry of Finance and Economic Exchange Control endorses them for the release of the currency and an authorized dealer certifies that the currency has been released. This means that the exchange must be remitted through an authorized dealer and the licence endorsed to that effect before it is presented to the Customs authorities for clearance of the goods. Import licences are valid for three months but can be extended. Merchandise not covered by an import licence is subject to fines or confiscation on arrival.

TURKEY

The current import trade control structure was announced on August 3, 1959, under the third global quota; a fourth quota was announced on February 16, 1960, (see page 40 for details.) Under these regulations, a list of imports not subject to licence or prior deposit was issued; the importer applies directly to the Central Bank for exchange. Another list of commodities is accorded exchange through an automatic allocation system under which importers obtain a certificate of necessity from the appropriate government department or agency. A third list of goods may be imported subject to certified specified credit terms. A new import quota list of items was established and for these, importers may apply to the Central Bank for permission to import. Within two months of the quota announcements importers may apply to the Central Bank for a maximum of 15 per cent of any quota, providing a 10 per cent cash deposit. The Central Bank allocates quotas by a letter of advice valid for one month, within which time the importer must apply for an import licence. If payment is made by letter of credit, the importer must deposit the remainder of the amount granted in the letter of advice and apply for the transfer; after this, the import licence will be issued. Import licences are valid for six months from date of issue and the goods must be cleared through the Customs within this period. C.a.d. terms are permitted but require a 50 per cent additional counter deposit.

UNITED ARAB REPUBLIC (EGYPTIAN REGION)

All imports require an import licence; these are valid for two months and can be renewed. The usual procedure is for importers to apply for licences every half-year. The import licence bears an annotation on the method of payment and entitles the importer to buy the necessary dollar exchange. Merchandise must be shipped and arrive in Egypt before the import licence expires. Merchandise not covered by an import licence is subject to confiscation or fines on arrival in Egypt.

UNITED ARAB REPUBLIC (SYRIAN REGION)

Imports are subject to licences. There is a list of prohibited goods and a list of those for which import licensing has been suspended. A fee of 2 per cent is

imposed on the value of authorized imports. Licences are valid for four months and may not be renewed unless the importer proves that the goods were shipped before the licence expired. A substantial list of goods may be imported into Syria only through the port of Latakia. It is not necessary to obtain a foreign exchange licence before paying drafts in dollars. Syrian importers generally pay documentary drafts upon arrival of the goods rather than upon receipt of the drafts. The official buying rate, Syrian pound 2.19 per United States $1.00, no longer applies to any transactions and the official selling rate, S£2.21 per U.S.$1.00, applies only to petroleum imports and sales of exchange in settlement of contracts with the Syrian Government. Exchange for all other transactions may be obtained freely at the free market rates.

—International Trade Relations Branch.

SHIPPING SERVICES FROM CANADA TO THE MIDDLE EAST

	FROM		
	Pacific Coast	**Great Lakes**	**St. Lawrence and Atlantic**
TO Bahrain	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
Cyprus		Zim-Israel America Lines	Zim-Israel America Lines
Iran	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Lines	Crescent Line Orient Mid-East Lines
Iraq	Java Pacific and Hoegh Lines	Crescent Line	Crescent Line
Israel		Zim-Israel America Lines	Zim-Israel America Lines
Jordan		*Via Beirut or Latakia:* Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line	*Via Beirut or Latakia:* Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line
Kuwait	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Lines	Crescent Line Orient Mid-East Lines
Lebanon		Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line	Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line
Saudi Arabia	Java Pacific and Hoegh Lines	Crescent Line Orient Mid-East Line	Blue Funnel Java New York Line Canada India Pakistan Line Crescent Line Orient Mid-East Line
Sudan		Crescent Line	Blue Funnel Java New York Line Crescent Line

FROM

TO	Pacific Coast	Great Lakes	St. Lawrence and Atlantic
Turkey	States Marine Lines	American Export Lines Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line Zim-Israel America Lines	American Export Lines Canada Levant Line Concordia Line Ellerman-Fabre Line Niagara Line Zim-Israel America Lines
United Arab Republic	Nedlloyd Line	Canada Levant Line Concordia Line Crescent Line Ellerman-Fabre Line Niagara Line	Blue Funnel Java New York Line Canada India Pakistan Line Canada Levant Line Concordia Line Crescent Line Ellerman-Fabre Line Niagara Line

Shipping Lines	Agents
American Export Lines	*Moore McCormack Lines, Montreal*
Blue Funnel Java New York Line	*Cunard Steam-Ship Co. Ltd., Montreal*
Canada India Pakistan Line	*McLean Kennedy Ltd., Montreal*
Canada Levant Line	*Federal Commerce and Navigation Co. Ltd., Montreal*
Concordia Line	*Canadian Overseas Shipping Ltd., Montreal*
Crescent Line	*March Shipping Agency Ltd., Montreal*
Ellerman Fabre Line	*McLean Kennedy Ltd., Montreal* *Saguenay Shipping Ltd., Montreal*
Java Pacific and Hoegh Lines	*Dingwall Cotts and Co. Ltd., Vancouver*
Nedlloyd Line	*Dingwall Cotts and Co. Ltd., Vancouver*
Niagara Line	*Canadian Overseas Shipping Ltd., Montreal*
Orient Mid-East Lines	*North American Shipping Agency Ltd., Montreal*
States Marine Lines	*Pacific Marine Freighters Ltd., Vancouver*
Zim-Israel America Lines	*March Shipping Agency Ltd., Montreal*

Tours of Territory

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

L. A. CAMPEAU, Commercial Secretary in Karachi, Pakistan, will visit East Pakistan from March 14-25.

F. B. CLARK, Commercial Secretary in Mexico City, will visit Monterrey from March 28-30.

L. S. GLASS, Trade Commissioner in Salisbury, Federation of Rhodesia and Nyasaland, will accompany the Wheat and Flour Mission during its visit to British East Africa, beginning March 16. Mr. Glass expects to visit Nairobi, Mombasa and Dar-es-Salaam.

R. V. N. GORDON, Consul and Trade Commissioner in Detroit, will visit Cleveland March 14 and 15.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit St. Petersburg, Tampa, Port Everglades, Miami, Fort Lauderdale and Jacksonville, in Florida, from March 21-31.

W. J. JENKINS, Assistant Commercial Secretary, in Lima, Peru, will visit La Paz and Cochabamba in Bolivia, from March 22-April 1.

W. M. MINER, Assistant Commercial Secretary in Mexico City, will visit Durango, Torreron, and Chihuahua, from March 21-25.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bullis at Kingston, Mr. Campeau at Karachi, Mr. Clark and Mr. Miner at Mexico City, Mr. Glass at Salisbury, Mr. Gordon at Detroit, Mr. Harris at New Orleans, and Mr. Jenkins at Lima.

Commodity Notes

Agricultural Tools

COLOMBIA—The Chillington Tools Company Limited, of Britain, and a group of Colombian financiers will build a plant near Manizales to produce agricultural hand tools. Production will be confined at first to spades and hoes—Bogotá.

Automobiles

SWEDEN—Imports of cars into Sweden in 1959 will probably fall short of the 1958 figure by 5 per cent. At the same time, exports of cars have risen by 25 per cent or about Kr.100 million. Thus for the first time Sweden has attained an export value for cars that considerably exceeds 50 per cent of the value of car imports.

Sweden's total production of cars is likely to reach 97,000 units in 1959 compared with 67,000 in 1958. Output of trucks and buses is estimated to have dropped from 21,000 to 16,000—Stockholm.

Bauxite

BELGIUM—A new company has been formed in Belgium to seek and mine aluminum ore in the Congo. Bauxicongo (Société de Recherches et d'Exploitation des Bauxites du Congo) has a capital of 26.5 million Belgian francs ($524,000). Participants are Forminière, Cobeal, Cobeal-Congo and members of the Bamoco syndicate. The company will continue prospecting work started by the Forminière and by the Bamoco syndicate, northwest of the Inga power development on the Lower Congo. The Cobeal group will share in this—Brussels.

Canned Foods

VENEZUELA—The H. J. Heinz Co. of the United States has formed a new company, Alimentos Heinz C.A., which will build a factory in San Joaquin, State of Carabobo. Initial output will consist of 50 varieties of baby foods manufactured largely from imported foodstuffs; later, 50 other types of products will be added. The new company will maintain a technical consulting service to give advice and instruction on land cultivation and farming methods so that locally grown high-quality products will eventually be processed in the new plant. This three-million-dollar venture is Heinz's first in South America—Caracas.

Citrus Fruit

SPAIN—The Spanish citrus fruit crop is estimated at some 1,632,000 tons, compared with 1,300,000 tons for last year, of which 771,881 tons were exported. Up to January 10, 1960, 319,835 tons of citrus fruit have been exported, 37 per cent more than in the same period last year. Total exports this season are expected to reach about one million tons, or 62 per cent of the total crop. Spain is meeting ever-growing competition from North African countries (Morocco, Algeria and Tunisia) which have already exported 241,783 tons this season, chiefly to Germany, France, the Netherlands and the U.K.

Because of this competition the Spanish Government is endeavouring to maintain its traditional markets (U.K., Germany, France, Holland, Switzerland and Belgium) by intensifying publicity campaigns abroad and by keeping a strict control over quality. Fruit selected for export now bears the special stamp "Spania"—Madrid.

Copper

BELGIAN CONGO—Copper production in the Congo in 1959, according to preliminary figures, should reach a record 270,000 metric tons, compared with 235,500 in 1958. The highest previous total was 247,500 tons in 1956.

The first section of the new copper and cobalt electrolytic smelter at Luilu in the Katanga will begin producing this year ahead of schedule. The plant will have a yearly capacity of 50,000 metric tons of copper and 1,750 tons of cobalt. Its production will gradually replace that of the smelters at Lubumbashi and Shituru —Leopoldville.

PERU—The Toquepala copper project being developed by the Southern Peru Copper Corporation began full operations in January, five months ahead of schedule. Some U.S.$230 million was invested in the

development of the huge deposits at Toquepala in southern Peru. The concentrator at the plant will handle up to 30,000 tons of ore a day and the operation is expected to produce more than 100,000 tons of blister copper a year. A trial shipment of 721 tons of copper bars went to the United States in late December 1959.

Peru's production of copper totalled 57,000 tons in 1957 and 54,000 in 1958, and including the Toquepala output it should now reach about 200,000 tons a year. This would make Peru the world's eighth biggest copper producer after the United States, Russia, Chile, Rhodesia, Canada, Germany, and the Belgian Congo—Lima.

Electrical Equipment

COLOMBIA—A U.S.$200,000 plant to produce electrical wire, insulators and switches has been opened at Cali; as a result, imports of electrical wire are expected to decrease sharply. The plant, owned by the firm Facomec of Cali, will use technical assistance from Phelps Dodge Company of New York—Bogotá.

Fishmeal

PERU—A decree of October 9 cancels a prohibition in force since 1956 forbidding the installation of new plants for the production of fishmeal. Licences for installing them will now be granted to owners of fish-processing plants, provided that the capacity of the new plant does not exceed that of existing ones—Lima.

Furs

NORWAY—The first Oslo fur auction this season held early in December was attended by a large number of foreign buyers, (mainly from the United States, the United Kingdom, Italy, Germany, France and Canada). About 160,000 mink pelts and 23,000 Norwegian blue fox skins were offered for sale, of which practically 100 per cent were sold. Average and maximum prices respectively for males were as follows: dark mink, kroner 198 and 450; pastels, kroner 197 and 270; silverblues, kroner 141 and 215; sapphires, kroner 185 and 320; dawn pastels, kroner 212 and 270; white mink, kroner 211 and 340; palominos, kroner 213 and 320, topaz, kroner 201 and 255; saga blue fox, kroner 245 and 420. For ordinary blue fox the average price was kroner 178. Prices for females were on the whole about 47 per cent lower than for males—Oslo.

Match Splints

AUSTRALIA—An Australian subsidiary of the British Match Corporation has announced plans to grow poplar trees in New South Wales for matchwood to eliminate dependence on imports. Cuttings will be planted in 1960 and eventually are expected to save $300,000 in foreign exchange, or about half the value of match splints imported in 1958-59—Sydney.

Mobile Cranes

COMMUNIST CHINA—The Peking Government has ordered some Can.$850,000 worth of mobile cranes from a British firm. This order, believed to be the biggest on record for such machinery from non-Communist sources, consisted of fourteen 15-ton and twenty 6-ton mobile cranes—Hong Kong.

Pasteboard

—BELGIAN CONGO—A Belgian industry group has just formed a Congolese company with a capital of 40 million Belgian francs to set up a modern pasteboard factory in Leopoldville. Production is scheduled to commence in the second quarter of this year and the plant initially will manufacture corrugated containers. Subsequently, compact cardboard cartons, boxes and fibre drums will also be made. A special division will manufacture industrial paper bags—Leopoldville.

Rims and Wheels

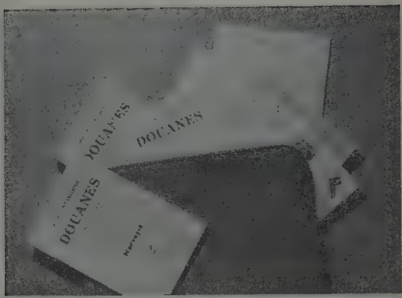
INDIA—The Dunlop Rubber Company of the United Kingdom will co-operate with an Indian firm in establishing a rim and wheel factory in India. Initial production is expected to be over 200 thousand tractor wheels a year—Bombay.

Tobacco

SWEDEN—On January 1, 1960, the Swedish tobacconists' monopoly on the sale and import of tobacco was annulled. This will allow anyone to import tobacco without having to apply for an import licence. The State Tobacco Monopoly, however, will still set the norm for retail prices. It already holds the agencies for most well-known makes of tobacco and cigarettes—Stockholm.

Wallboard

FINLAND—A new type of decorative wallboard with a more compact and durable surface is being manufactured by Sammon Rulla Oy. The board, available in ceiling tiles and in long panels for walls, is produced by pressing onto porous $\frac{1}{2}$-inch board a durable decorative pattern. Strong white kraft paper that lends itself perfectly to painting or to covering with aluminum foil or a textile fabric is attached to the surface by means of a plastic adhesive. The texture of the paper surface takes paint well and if the customer so desires, the fabric or aluminum-surfaced type can be protected by a coating of diluted zapon lacquer or spirit varnish—Stockholm.



Trade and Tariff Regulations

Benelux

NEW LIBERALIZATION—The Governments of Belgium, Luxembourg and the Netherlands have announced the liberalization of a few products formerly restricted through import quotas. Import licences are no longer required for the following: hydrochloric acid and hydrochloric acid salts; soft soaps; articles of blown or pressed glass; screws for wood other than split head; casks, tubs, barrels, buckets and other coopers' wares and finished parts thereof. Once imported into any one country in the Benelux Union, liberalized imports may move freely within the entire territory of the Union.

Some restricted commodities are again being admitted under global quotas during 1960. They include penicillin and its preparations, fishing nets, wooden packing cases, certain fatty acids and passenger automobiles.

Federation of Nigeria

CUSTOMS TARIFF—The Nigerian Customs Tariff has been amended by the addition of the following new tariff item to the First Schedule of the tariff.

Aluminum and aluminum alloy products, namely: flats, plates or sheets, whether cut to shape or not and whether imported in the coil or not; angles and sections, wrought . . . ad valorem 10 per cent.

The addition of "aluminum and aluminum alloys, unwrought", to the Second Schedule of the tariff exempts these goods from import tariffs.

Both changes were made effective September 10, 1959.

Mauritius

DOLLAR LIBERALIZATION—The Mauritius authorities have announced that, effective December 21, 1959, until further notice all goods are liberalized for import from the dollar area, including Canada. Specific licences will be freely available for the liberalized items which are not already on Open General Licence.

The items which may now be freely imported include motor vehicles, industrial and civil engineering machinery, oil-refining plant, air-conditioners and non-domestic refrigeration equipment. The effect of the notice is to permit entry of all goods from the dollar area, including Canada, into Mauritius.

Turkey

FOURTH QUOTA IMPORTS ANNOUNCED—According to a cablegram from the Commercial Counsellor, Athens, fourth quota imports for Turkey were announced on February 16. The quota has an over-all value of U.S.$251 million, composed of $121 million for liberalized and automatic licence imports, $30 million for imports from bilateral trade agreement countries (details not yet released), and $100 million for imports from European Monetary Area, dollar and free exchange countries, on a global quota basis. The deadline for import licence applications against global quota is March 15, except for newly liberalized items, which is March 1. Importers must put up 10 per cent countervalue with applications against each list, except manufacturers for raw material requirements which are under automatic list if authorized by Chambers of Industry and for which no deposits are necessary. Import licences will be valid for six months instead of four months as before. C.a.d. terms are permitted but such imports are restricted by the requirement of 50 per cent additional countervalue deposit under liberalized and automatic lists with applications, as well as the standard 10 per cent.

Specific allocations of interest under global quota include:

Oil exploration equipment $1½ million; passenger cars $3 million; trucks, buses, station wagons and vans $14.2 million; tractors $1 million; diesel, gasoline, etc., engines $2.55 million; electric motors, generators, etc., $457,000; pumps $450,000; antibiotics and pharmaceutical specialties $1.325 million; rubber $2½ million; plastic raw materials $2 million; wood pulp $200,000; hides $4½ million; synthetic yarns $1.45 million; printing, cigarette, etc., papers $975,000; drawing, etc., papers $225,000; carbon black $250,000; asbestos $125,000; various chemicals $1.57 million; cellulose paints and varnishes $200,000; various types of glass and products $515,000; various rubber products $495,000; non-ferrous metals $2 million; iron and steel sheets, bars, etc., $9.6 million; various types of agricultural machinery $1.05 million; and capital equipment $30 million, to be decided by the Economic Co-ordinating Committee.

The lists of liberalized and automatic licence imports are extended to include approximately 45 per cent of total imports (base period not stated), including the following of interest to Canadian exporters:

Vehicle tires and tubes; more chemicals and pharmaceuticals; special steels; various seeds; tinplate; mining lamps; iron and steel strip; nylon fishnet yarns; various non-ferrous metals; marine engines for fishing industry; parts and materials for assembly and/or manufacture of commercial vehicles, tractors, refrigerators, washing machines, sewing machines, radios.

The tobacco premium is raised to 6.2 from the 15th of February.

Full details will be available from the International Trade Relations Branch when the complete text of the new fourth quota is received.

United States

TARIFF COMMISSION INVESTIGATION OF SHRIMP IMPORTS—In response to a resolution of the House of Representatives adopted on February 9, 1960, the Tariff Commission has instituted an investigation, pursuant to Section 332 of the Tariff Act, to determine whether shrimp, as a result of the existing duty-free tariff treatment, are being imported into the United States in such quantities as to cause serious injury to the domestic shrimp industry. The Commission is required to make its report to the Committee on Ways and Means of the House of Representatives within three months.

A public hearing will be held by the Tariff Commission on March 16, 1960.

Under tariff paragraph 1761, shrimp, fresh or frozen, or prepared or preserved in any manner, enter free of duty. This free rate is not bound in any trade agreement.

AMENDMENT TO REGULATIONS GOVERNING USE OF FOOD ADDITIVES—The Food and Drug Administration has introduced a Food Additives Amendment to the Federal Food Drug and Cosmetic Act which becomes effective March 6, 1960, and is designed to prohibit the use in food of additives that have not been adequately tested to establish their safety. The FDA has published lists of substances whose use as food additives is considered safe within prescribed tolerances, and of substances which may be employed in the manufacture of food-packaging materials. Additional substances will be listed as their safety is proved. The new Food Additives Amendment is not expected to pose any particular problem for Canadian food manufacturers whose products are exported to the United States, because most of the substances listed as safe had been given prior sanction. To avoid difficulties in the future, however, all food manufacturers should familiarize themselves with the details of the amendment. Interested parties may write to the Department of Trade and Commerce for additional information.

Zanzibar

DOLLAR LIBERALIZATION—The Imports Controller, Zanzibar, has announced that effective December 29, 1959, all goods from the dollar area, including Canada, may be imported without any restriction under Open General Licence. Among the few items which had previously been under import control were motor vehicles and spares, air-conditioning equipment, non-domestic refrigeration equipment, and certain other industrial machinery and equipment. All these items may now be imported freely under Open General Licence.

Latin American Free Trade Area

The Canadian Commercial Counsellor in Montevideo, Uruguay, reports that the Treaty of Montevideo, establishing the Latin American Free Trade Association, was signed on February 18 by the representatives of Argentina, Brazil, Chile, Peru, Paraguay, Mexico and Uruguay.

The Treaty calls for the gradual elimination of customs tariffs and all other barriers that prevent or curtail commercial interchange between the member countries. The seven member countries contain 70 per cent of Latin America's population of 200 million and cover an area of over 6½ million square miles.

Address of Vancouver Office

The Vancouver office of the Trade Commissioner Service moved into new quarters recently. The address is:

Western Representative
Department of Trade and Commerce
405 Federal Building
325 Granville Street
Vancouver 2, B.C.

Index to *Foreign Trade*.

The index to Volume 112 of Foreign Trade, *covering the issues from July 4, 1959, to December 19, 1959, has now been printed. Readers who wish to have copies should write to the Editor.*

Photo Credits

Page 15, Arabian American Oil Company; pages 17 and 21, United Nations; page 26, USOM, Lebanon.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0519395.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 29	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01152	86.80	(1
Austria	Schilling		.03660	27.32	
Australia	Pound		2.1325	.4689	
Bahamas	Pound		2.6656	.3751	
Belgium, Belgian Congo and Luxembourg	Franc		.01906	52.46	
Bermuda	Pound		2.6656	.3751	
Bolivia	Boliviano	Free	.00008321	12,017.79	
British Guiana	Dollar		.5553	1.80	
British Honduras	Dollar		.6664	1.50	
Brazil	Cruzeiro	General Category*	.004396	227.46	*Feb. 9 (2
		Special Category	.001904	525.09	
		Official selling	.05025	19.90	(3
Burma	Kyat		.1996	5.01	
Ceylon	Rupee		.1999	5.00	
Chile	Escudo	Free	.9097	1.10	(4
Colombia	Peso	Certificate	.1485	6.73	
Costa Rica	Colon	Official	.1693	5.91	
		Controlled free	.1431	6.99	
Cuba	Peso		.9506	1.05197	tax 2
Czechoslovakia	Koruna		.1320	7.57	
Denmark	Krone		.1378	7.26	
Dominican Republic	Peso		.9506	1.05197	
Ecuador	Sucre	Official	.06338	15.78	
		Free	.05585	17.90	
Egyptian Region, United Arab Rep.	Pound	Official	2.7298	.3663	
		Export account selling	2.3775	.4206	
El Salvador	Colon		.3803	2.63	
Fiji	Pound		2.4014	.4164	
Finland	Markka		.002971	336.59	
France, Monaco, etc.	New Franc		.1937	5.16	(5
French colonies	Franc		.003874	258.13	(6
French Pacific	Franc		.01065	93.89	(7
Germany	D Mark		.2280	4.38	
Ghana	Pound		2.6656	.3751	
Greece	Drachma		.03168	31.56	
Guatemala	Quetzal		.9506	1.05197	
Haiti	Gourde		.1901	5.26	
Honduras	Lempira		.4753	2.10	
Hong Kong	Dollar	Free*	.1661	6.02	*Feb. 1
		Official	.1666	6.00	
Iceland	Krona	Official	.02502	39.97	(8
India	Rupee		.1999	5.00	
Indonesia	Rupiah	Official rate	.02112	47.34	(8
Iran	Rial		.01255	79.68	
Iraq	Dinar		2.6618	.3756	

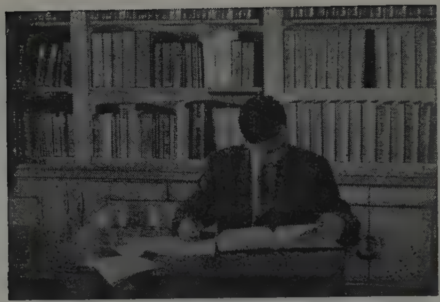
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Feb. 29	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6656	.3751	
Israel	Pound		.5281	1.89	
Italy	Lira		.001531	653.17	
Japan	Yen		.002641	378.64	
Lebanon	Pound	Free	.2986	3.35	
Mexico	Peso		.07605	13.15	
Netherlands	Florin		.2522	3.96	
Netherlands Antilles	Florin		.5082	1.97	
New Zealand	Pound		2.6656	.3751	
Nicaragua	Cordoba	Effective buying	.1440	6.94	
		Official selling	.1348	7.42	
Norway	Krone		.1330	7.52	
Pakistan	Rupee		.1999	5.00	
Panama	Balboa		.9506	1.05197	
Paraguay	Guarani	Official	.007792	128.34	
Peru	Sol	Certificate	.03432	29.14	
Philippines	Peso		.4753	2.10	
Portugal & Colonies	Escudo		.03318	30.14	(9)
Singapore and Malaya	Straits Dollar		.3110	3.21	
Spain and Dependencies	Peseta		.01584	63.11	
Sweden	Krona		.1837	5.44	
Switzerland	Franc		.2192	4.56	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04522	22.11	(8)
Turkey	Lira		.1056	9.47	(8)
Union of South Africa	Pound		2.6656	.3751	
United Kingdom	Pound		2.6656	.3751	
United States	Dollar		.950625	1.0519395	
Uruguay	Peso	Free	.08431	11.86	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2838	3.52	
West Indies Fed.	Dollar		.5553	1.80	(10)
	Pound		2.6656	.3751	(11)
Yugoslavia	Dinar	Official	.003168	315.65	(8)
		Settlement rate	.001504	664.82	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.



Businessman's Bookshelf

International Trade

By Kramer, d'Arlin and Root. 678 pages. $7.25.

THIS new publication in textbook form is intended for United States businessmen and also for university students of economics. Written by three professors of the Wharton School of Finance and Commerce, University of Pennsylvania, it has three main divisions: theory, policy and practice.

The first part deals with the theoretical aspect of international trade and follows somewhat the old Classical and Ricardian comparative-cost approach. However, the more modern approach based on the mutual interdependence theory of prices is also well exploited. Although this section is mostly intended for and written in the language of the student of economics, it should be useful to anybody who wishes to understand the intricate mechanism of international transactions.

The second part, on policy, emphasizes United States commercial policies and trading laws and the business approach of larger U.S. firms in the international market. Of special interest to the Canadian reader may be the explanation of the working of U.S. foreign aid funds and the opportunities they open to foreign suppliers. In any event, our close affiliation with the United States makes a knowledge of its trade policy useful to the Canadian exporter.

The third part covers North American practices in foreign trading. Chapters treating the surveying of foreign markets, international trading channels, communications, shipping and insurance, and foreign credit and collections are of primary importance to the export-minded businessman. Some attention is given to the possible effects of the formation of new economic blocs, namely the European Common Market and the more recent European Free Trade Area.

Chapter 27 deals specially with international sales promotion and in this field, Canadians have a lot to learn from U.S. experience. The authors discuss, for example, the advantages and disadvantages of centralization of international advertising policy and also the arguments for decentralization. They also stress exchanges of advertising knowledge and co-ordination of techniques with the foreign distributors. Another method used more and more is the training of foreign dealers in the exporter's plant where the manufacturing is done. Advertising abroad may also be carried out co-operatively, with the distributor setting aside a percentage of his profits for this purpose.

This book should be helpful to the exporter and might well find a place on his office bookshelf.

Published by: W. J. Gage Limited, Scarborough, Ontario.

Economic Survey of Nigeria 1959

National Economic Council of Nigeria. 132 pages, 4 loose maps. $1.25.

IN October, Nigeria will join the lengthening list of former colonies that have become self-governing nations within the Commonwealth. In preparation for this new status, the National Economic Council was set up in 1955 to plan the new Dominion's economic development. The first requirement was to take stock of the present economic situation, and in 1958 the Council charged a committee with the preparation of a complete survey. The results were published in August.

The survey, with its 43 tables and five maps, will no doubt be the standing authority on the Nigerian economy for some time. It describes the country's population, finances, agriculture, industry, national resources, transportation, trade, energy resources—in short, every aspect of the economic structure. Also included is an outline of government development plans and the proposed financing of these.

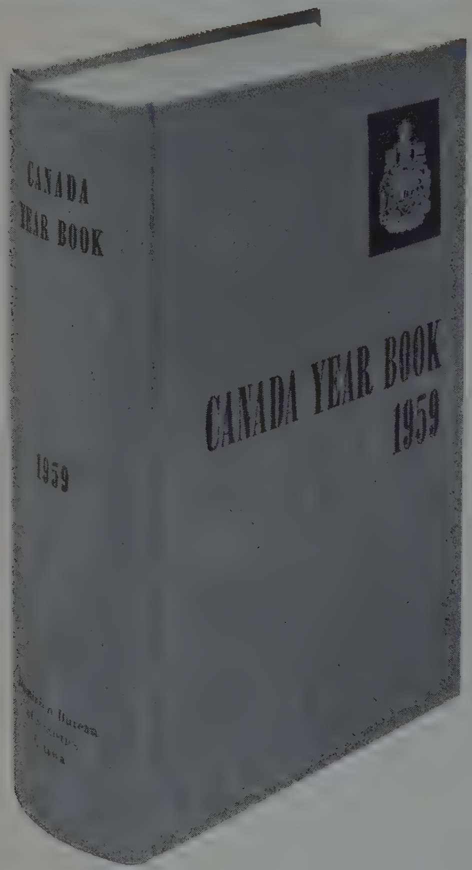
Nigeria's steadily-rising population was well over 34.5 million in mid-1958, making it the continent's most highly populated area; no major African country has more people per square mile. Although the standard of living is well down among African states, imports of consumer goods are rising quickly: in 1958 they were nearly double those of the preceding year.

This book should prove a valuable reference to businessmen who wish to explore the new African market.

Order from: Crown Agents Representative, 1800 K Street, N.W., Washington 6, D.C.

Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada



Now on sale to the public

CANADA YEAR BOOK 1959

- 1300 pages
- Special articles
- Charts
- Maps
- Diagrams

This official statistical annual on the Nation's resources, institutions, and social and economic conditions is an indispensable reference volume for the teacher, student, researcher, the executive, the business and professional person, the industrial planner, and the employer.

Like its predecessors, the **Canada Year Book** 1959 presents a great range of up-to-date statistical information and analytical commentary on almost every phase of Canada's development.

Additional features of the **Canada Year Book** 1959 include special articles on the climate of Canada, postwar immigration, the mineral industry, the Fisheries Research Board, steel in Canada, and Canadian journalism since 1900.

$5 PER COPY
CLOTH BOUND

Copies of the Canada Year Book 1959 *are available from the Superintendent of Publications, The Queen's Printer, Ottawa, and from the Information Services Division, Dominion Bureau of Statistics, Ottawa. Orders should be accompanied by postal money order or cheque made payable to the Receiver General of Canada.*

MARCH 26, 1960

foreign trade

CANADA

THE NETHERLANDS SELLS SPRINGTIME (page 18)

Established in 1904

foreign trade

OTTAWA, MARCH 26, 1960 Vol. 113, No. 7

cover From these brilliant fields come the tulip bulbs prized by gardeners the world over. This springtime photograph shows the tulips in bloom at Lisse, heart of the main bulb-growing district that stretches between Haarlem and Leyden. The pageantry is short-lived, for the flowers will soon be ruthlessly snipped off and the foliage left to wither before the bulbs are harvested. Note the shipping canal in the background. For more pictures of the Netherlands bulb industry, see pages 18 and 19.

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister. JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

78444-7—1

Australia Seek

Australian businessmen are eager to make Canadian contacts, now that the two countries have signed a trade agreement and nearly all restrictions on dollar imports have been swept away. What and how can Canadians sell "down under"?

H. STEWART HAY, *Assistant Commercial Secretary, Sydney.*

THE signing of the new Canada-Australia Trade Agreement on February 12, 1960, and the recent extensive liberalizations of trade have drawn attention to the importance of the growing Australian market as an outlet for Canadian goods. The new agreement (which was outlined in the February 27 issue of *Foreign Trade*) assures continuation of the preferential tariff treatment which in the past has been a major factor in the growth of Canadian exports to Australia. In addition, the Department of Trade and Commerce has announced the opening of a new trade office in Canberra.

Restrictions Disappearing

Because of this agreement and the progressive relaxation since the end of 1958 of import restrictions that have hampered trade for several years, Australian importers and businessmen are once again able and eager to trade with Canada. Until recently, Australia's balance-of-payments problem made it necessary for her to restrict dollar purchases to goods considered essential to the development of the country. Effective February 24 Australia has abolished import restrictions on most products, though a few are still subject to licence no matter what their source. Discrimination against dollar goods has been discarded except on motor vehicles, and the restrictions on their import from North America will be entirely swept away effective October 1 this year. The time is thus opportune for Canadians to take a closer look at this sister Dominion, with the same rising standard of living and rapid development.

Favourable export returns, careful regulation of imports, and the substantial inflow of overseas investment capital have combined to raise Australian international reserves to almost A£550 million.* And though complete freedom of imports does not yet exist, the Australian Government is pledged to the removal of the few remaining barriers as quickly as circumstances permit.

Canada's Sales Rising

Canadian-Australian trade has grown steadily in recent years and should continue to climb as exporters in both countries show increasing interest in each other's markets.

Australia's secondary industry is expanding vigorously; in fact, it has a greater proportion of the work force engaged in manufacturing than in North America and the value of output tops that of the productive primary industries. Most of the major industrial raw materials are available locally and some basic industries, such as steel, have lower production costs than in North America. The most important single raw material still imported is petroleum, although extensive exploration could bring Australia's first major strike almost any day. Consumer demand and purchasing power are currently high, with a slight trend towards inflation that may initially favour imported manufactures.

Canadian goods with the best continuing sales opportunities include raw materials and capital equipment not available locally, and manufactured goods with unique or superior features. Competition for Australian business is keen at both the industrial and retail level and from both local manufacturers and major overseas suppliers. Most Canadian goods benefit from the

*A£1=Can.$2.14.

CANADA'S EXPORTS TO AUSTRALIA

($000's)

1959	$54,194
1958	52,755
1957	48,883
1956	47,747

CANADA'S IMPORTS FROM AUSTRALIA

($000's)

1959 (10 mos.)	$34,649
1958 (12 mos.)	32,920
1957 " "	28,728
1956 " "	26,310

CANADA'S PRINCIPAL EXPORTS TO AUSTRALIA

Newsprint
Lumber
Automobiles and parts
Aluminum
Asbestos
Drugs and chemicals
Office machinery
Agricultural machinery
Industrial machinery
Wood pulp
Canned fish

CANADA'S PRINCIPAL IMPORTS FROM AUSTRALIA

Sugar
Dried fruit
Wool
Canned meat
Fresh meat
Coconut oil
Canned fruit
Wine
Sausage casings

[C]anadian Trade

British Preferential tariff which on many items—especially high-tariff consumer goods—gives Canada a substantial edge over non-British suppliers. Against this, our prices must be low enough to compensate for high ocean-freight costs and frequently high Canadian production costs. If landed prices are competitive, this buoyant market of over ten million people, with a high and relatively evenly distributed average income, has excellent sales potential. In the few months since dollar discrimination was relaxed, Canadian goods such as wrist-watches, outboard motors, wallpaper, whisky, smoked salmon and playing cards have once again been featured in Sydney shop-windows.

According to local importers, the following goods are in demand, and Canadians can supply them:

Canned, frozen and smoked fish
Dried peas and beans
Drugs and pharmaceuticals
Electrical equipment
Fire-fighting apparatus
Floor coverings
Furs
Heavy industrial machinery
Hand and power tools
Hardware
Industrial chemicals and oils
Insecticides
Jewellery and novelties
Light aircraft
Paper and paper specialties
Sporting equipment
Textile piece goods, furnishings, blankets
Toys and dolls

There are many opportunities for Canadian participation in Australian industry, either directly through branch operations or indirectly through licensing or other arrangements. Some 30 Canadian firms are already engaged in activities ranging from the manufacture of automobiles and agricultural equipment to the printing of greeting cards under licence and the bottling of patent medicines. The Federal Government offers various inducements designed to attract major overseas industry. So do the several State Governments, which actively vie with one another in capturing new investment capital from abroad. Dividends may be remitted freely to Canada; a double taxation agreement operates between the countries and there is no capital gains tax. Australia, with its booming but stable economy, is considered one of the most attractive and secure investment areas anywhere.

Australian Minister Points Up Opportunities

At the signing of the Trade Agreement between Canada and Australia in Canberra on February 12, 1960, the Rt. Hon. John McEwen, Australian Minister for Trade, made the following statement:

"I would like to make brief mention of the great opportunities for trade that now exist in Australia for Canadian businessmen. The increase in the total level of imports into Australia which has resulted from recent steps taken by my Government (the ceiling is now £875 million), and the removal of practically all discrimination against the dollar area, should give Canadian exporters an unrivalled opportunity to expand their sales to Australia. Also this Agreement will give opportunities to the greatly expanded industries of Canada to market their manufactured products in Australia. I trust they will take advantage of these opportunities and that forthcoming decades will witness even more significant developments in our mutual trade."

Mission to Canada

Australian exporters are most interested in boosting sales to Canada. In April 1960 a government-sponsored trade mission, billed as the largest and most important ever to go abroad, will travel to Canada. Led by Sir Douglas Copland, former Australian High Commissioner in Ottawa, it will spend several weeks making contacts in a number of Canadian business communities. The mission hopes to capitalize on publicity generated by a smaller mission to Vancouver in 1959, on Australian participation in the last Canadian National Exhibition, on a recent feature supplement on Australia in the *Financial Post,* and on the opening of a new Australian Trade Commissioner post in Ottawa.

Check Your Representation

The Canadian exporter with a product or service that might be marketed in Australia who has not yet developed active contacts should seriously consider establishing representation. If the firm formerly had contacts which, because of import licensing, have lain dormant in recent years, these should be revitalized. Canada's Commercial Counsellors in Sydney and Melbourne will be pleased to advise on agents, to furnish preliminary market information, and to arrange itineraries for personal visits to this active market. ●

78444-7—2

Advertising Abroad

In Australia, **newspapers and the periodical press get the major share of the advertiser's spending.**

S. V. ALLEN, *Commercial Counsellor, Sydney.*

ADVERTISING in Australia has grown phenomenally in recent years, in step with the marked industrial expansion, greater investment from overseas, domestic commercial growth and rapid population increase. There is now no dearth of excellent advertising media or services and practically all of the advertising methods and practices common to North America are used here to some degree. Responsible advertising agents, counsellors and consultants, and trade associations are backed up by a large fraternity of publishers that can provide services of a high standard. Overseas firms have a wide selection of agents from which to choose when they seek advice about reaching the right readers or listeners.

Approximately 200 advertising agencies offer their services in Australia. Of these, about ten of the largest have overseas affiliations but only a few Australian firms are branches of foreign agencies. At least two of the large international firms maintain organizations in Sydney, with branches elsewhere to service the Australian interests of their clients.

Three important advertising associations play a vital rôle in the Australian advertising world. These are the Australian Association of Advertising Agents (commonly referred to as the "4 A's"), the Outdoor Advertising Association of Australia, and the Australian Association of National Advertisers (whose members use about 80 per cent of the advertising services sold in Australia). Space brokers are unknown.

Five responsible accrediting authorities covering the press (three), radio and television media are located in Sydney to facilitate "recognition", and to maintain ethical advertising standards. There are also adequate services for measurement of coverage. An Audit Bureau of Circulations was created about 25 years ago to cover the main consumer advertising media. For the verification of trade and business-press circulation and that of free-of-charge publications, a Circulations Audit Board performs similar services. Both are located in Sydney. Radio and TV advertising are monitored along North American lines.

Advertising Growth

Advertising expenditure in Australia now exceeds A£68 million a year. The *Broadcasting and Television Year Book 1959,* with the assistance of the Australian Association of Advertising Agencies, estimated advertising expenditures a year ago at some A£62.1 million a year, compared with A£45 million for 1956/57. More recent estimates, when available, will probably

Neon signs, a widely used form of advertising in Australia, light up the northern approach to the great Sydney Harbour Bridge. In fact, they line the eastern side of this highway for nearly one mile. Some of the signs look rather familiar.

indicate a growth of about 10 per cent in 1959. This trend will continue.

In the year ended June 30, 1958, members of the AAAA (which includes 70 per cent of all Australian agencies) did business valued at A£33.1 million. Of this, 54.3 per cent went to press advertising media, 12.3 per cent to radio, and 5.3 per cent to television. In the same period, all agencies did an estimated A£43.2 million worth of business. Direct advertising by retail stores amounted to A£9 million and manufacturers placed directly another A£10 million. It is expected that the shares of radio and television went up somewhat in 1959 and press advertising decreased correspondingly. Direct retail advertising also went up sharply.

Large Advertisers

Almost 200 Australian firms are listed in the *Broadcasting and Television Year Book, 1959* as national, inter-state and large-scale advertisers. The commodities produced by the firms included under this heading, and which presumably they advertise, fall roughly into the following groups. These indicate what products local manufacturers, distributors and servicing organizations advertise regularly.

Group	No. of firms listed
Food, tobacco and alcoholic beverages	44
Hardware, sporting goods and household wares	38
Textile fibres and fabrics	7
Wearing apparel	22
Electrical appliances and office equipment	16
Petroleum products, fuels and utilities	9
Banks, insurance companies, transport and engineering services	10
Pharmaceutical products, proprietary drugs, cosmetics, etc.	30
Supplies for industry and construction	25
Cars and other vehicles and accessories	10

The high degree of concentration of Australia's population (eight out of ten million) in or near several large cities and especially along the east, west and southeast coasts has resulted in the establishment and operation of large metropolitan newspapers, some with daily circulations of close to 500,000. Advertising by retailers, including department stores in the principal cities, therefore reaches a large reading public. Trade and other periodicals are numerous and of a high standard. The tabulation on this page gives details on press facilities available regionally to meet local, state or national advertising needs, and which periodicals have a more limited and specialized group of subscribers.

Radio and Television

Of the 164 radio stations, 108 are privately-owned commercial or other stations. Fifty-four belong to the government-owned Australian

NEWSPAPERS AND PERIODICALS IN AUSTRALIA

By State	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania
1958 population (in '000's):	3,689	2,741	1,417	897	705	335
Number of Newspapers						
Metropolitan daily	6	3	2	2	2	2
Weekly and general	5	1	3	3	2	3
Suburban	26	62	8	10		
Free country	18		6			
Provincial press	146	146	54	34	37	
Number of Magazines and Periodicals						
Broadcasting and radio	8	5			1	
Foreign community	14	8			1	
Motion pictures and photography	11	4				
Motoring and aviation	17	12	3	1	2	
Religious	20	29	8	10	3	3
Scientific, educational, technical and professional	37	41	7	6	2	2
Sporting	19	12	2	3		
Stock, farm and garden	38	24	10	8	13	3
Trade and commerce	84	57	20	10	11	9
Unions, associations and organizations	114	58	23	23	9	2
Women, fashions, etc.	14	6	3	4	1	1
Miscellaneous	26	46	8	5	3	5

78444-7—2½

Broadcasting Commission and do not carry commercial advertising of any kind. Twenty-six of the commercial stations are in the state capitals with a combined population of 60 per cent of the whole country. Licensed radio-receivers total over 2.2 million or a ratio to population of 21.9 per cent. Revenue of the commercial stations in recent years has exceeded A£7 million and most have operated at a profit.

Television is only three years old. Sydney and Melbourne each have two commercial stations and one ABC station and similar facilities are operating in or have been licensed for the other state capitals. Peak-time TV audiences are estimated at over 900,000 in Sydney and in Melbourne at 700,000. The Broadcasting Control Board has assigned frequencies on ten channels which envisage a minimum of 120 TV stations throughout Australia eventually. Transmission is of a high standard and there are large-scale facilities for the production of commercials and documentaries. TV programs from overseas are readily licensed for import by local users.

Official broadcasting standards govern control of advertising matters, including censorship of scripts by the Director-General of Health for specific druggists' sundries and over the use of certain expressions without proper qualification. Time limits on advertising used for both sponsored programs and spot announcements have been established. Contests are permitted under specific rules.

Advertising Practices

Techniques in English-speaking countries overseas undoubtedly have influenced Australian advertising practices. Alert Australian business executives have visited overseas countries at one time or another; the population is over 99 per cent of European stock and 99 per cent of all adults are literate. Ready access to overseas periodicals and publications is another consideration; so is the fact that a great many Australian manufacturing companies are branches, affiliates or licencees of overseas firms. As a result, there are few major differences between local and overseas advertising practices. Though many overseas techniques can be adapted to Australian use, and even though there is no language problem, local professional advice is desirable. It ensures that the local tone of advertising is compatible with the slightly more conservative taste in some areas and with minor but important differences in word usage. No significant prejudices influence layout, colour or design, nor are there regional differences of importance.

Most advertising copy used is created locally and reaches a high standard. Full agency services are adequate and extensive. Apart from advertising agencies, in five main cities of the country 21 firms are listed as public relations consultants. Good specialized market research organizations are available and spending on research is relatively high. Some large manufacturers make extensive market studies on their own.

Advertising rates to clients are governed by rules of the professional associations. The customary agency fee averages 15 per cent; publications allow agencies 10 per cent discount and radio and television stations allow 12½ per cent. Full rates are charged for advertising placed directly, except by retailers who create and place their own copy in newspapers under contract. For material for aural media, agencies receive a 12 per cent production commission. Production costs for all media are slightly higher than overseas for comparable work and the costs of space somewhat lower.

Other Types of Advertising

Transportation advertising in trains, buses and streetcars (or on the outside of them) is increasing appreciably; so is radio and TV advertising. Outdoor advertising, and especially neon signs—which are widely used—is of a good standard, but billboard or poster displays are limited by municipal restrictions which in most cases involve strict licensing. Flag type or streamer advertising is limited, but plane or helicopter-towed advertisements are commonly used over large cities and the many beaches in parts of Australia. Direct mail advertising of the type employed abroad is only beginning; retail distributors and service stations are important users. Some firms employ coupon and premium advertising, especially branches of large overseas organizations who have used such techniques elsewhere, but certain restrictions apply in some states. Unit costs for specific products so promoted are therefore higher than overseas because of the limited opportunities and the smaller market. Institutional and prestige advertising are not yet used appreciably.

Point-of-Sale Advertising

The use of point-of-sale helps is increasing and store demonstrations of new products are common. One significant difference is in the use at cinemas of slides and "shorts" for local and even some nationally advertised goods. This is because movie theatres in Australia usually schedule four showings a day at three-hour intervals and sell reserved seats for each. The continuous movie is unknown. Intermissions between the shorts and main features and the interval before the show starts provide opportunities for slides or film shorts of about two minutes. For some nationally advertised products, the latter have proved effective.

Attractive and convenient counter displays and helps are being used for consumer goods but there is scope for development. One interesting practice is the use of pint milk bottles for advertising other food products and for advertising the space itself. Another is the frequent use of special newspaper supplements to cover local sources of one type of merchandise—for example, building products.

Trade fairs have not yet been developed or used as widely as overseas, but interest is increasing. There is, for example, no national annual show equivalent to the Canadian National Exhibition, although for consumer products especially, the commercial and industrial exhibits at the annual Royal Agricultural Show in Sydney have long been important. Recent general trade fairs have included the Sydney Industries Fair, July 1959, the International Trade Fair at Melbourne, March 1959, and the Brisbane Royal National Centenary Show, August 1959. None has been truly national as they have depended predominantly on local support and interest. So far, large vertical shows concentrating on one special trade have not been held, nor have organized trade exhibits at conventions been used to any extent.

Canadian firms wishing to exhibit at trade shows in Australia should do so in co-operation with and on the advice of their Australian agents or distributors, where they are established sellers in this market.

Brand Names and Labels

Australian legislation, the Trade Marks Act 1955-58, provides for the registration of trade marks such as names, brands, numerals or distinctive marks for the purpose of identifying articles as the product of owners. Registration covers an initial period of seven years, with subsequent renewals for 14-year periods. Fees payable are £4 on application and a further £6 for registration. Certain words such as "Royal" and devices (such as a Royal crest) are prohibited. Registration of an owner's Australian address is required and the services of solicitors, trade mark agents or patent attorneys should be employed for this. Details of the application procedure, a list of the product classifications under which registration may be effected, plus a list of registered patent attorneys may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa. Copies of the Trade Marks Act 1955-1958 can be obtained from the Trade Marks Office, Canberra, A.C.T. ●

The author is indebted to the following books for certain data and other information used in this article. Canadian advertising agencies and exporters who wish to advertise in Australia will find them useful.

Press Directory of Australia and New Zealand. *£1.10.0d.*
Country Press Ltd.,
Newspaper House,
44 Pitt Street,
Sydney, Australia.

Broadcasting and Television Year Book. *£2.2.6d.*
Greater Publications Pty. Ltd.,
Derwent House,
136 Liverpool Street,
Sydney, Australia.

New Deputy Minister Appointed

JAMES A. ROBERTS, who assumed the position of Deputy Minister of the Department of Trade and Commerce on March 3, 1960, came to Ottawa in the summer of 1958 as the Department's Associate Deputy. In the past eight months, because of the illness of the former Deputy, the late John H. English, he has carried a heavy administrative load. Yet he has been able to investigate some of Canada's markets at first hand: he accompanied The Canadian Chamber of Commerce mission to The West Indies in January 1959, recently paid a brief visit to Britain to look into trade opportunities there, and has travelled to various parts of Canada and the United States to meet and talk to businessmen.

He was already well known to the business community when he entered government service, particularly as a former president of the Canadian Exporters Association (1951), and as a regional director of The Canadian Chamber of Commerce. His own business career, that began in the insurance field in his native Toronto and took him to England (1937-39), was interrupted by the war. As Brigadier commanding the 8th Canadian Infantry Brigade, he served in the campaign in France, the Netherlands and Germany; won the D.S.O., was mentioned in dispatches, and was awarded a decoration by the Netherlands Government. (Personal note: he brought back to Canada a Dutch bride.)

When the war was over, he re-entered business as president of Mercury Mills of Hamilton, Ontario. He left the firm after seven years to specialize in investment, as president of his own firm and as a partner in Roberts, Stanley and Co. (public relations and marketing studies). In 1958 he made the transition to Ottawa and the civil service.

Despite his many responsibilities since he joined Trade and Commerce, he has happily adopted one Ottawa custom. Winter weekends find him taking to the Gatineau ski hills with the other members of the Roberts family.

New Zealand Builds Up Industry

Industrial expansion is proceeding apace, with government help and encouragement; brings in its wake changes in import trade. Canadian exporters will thus find this survey of industry's progress and plans illuminating.

J. H. STONE, *Commercial Secretary, Wellington.*

NEW Zealand in the past two years has experienced a period of industrial expansion comparable to that in Canada over the past twenty years. "It is true to say that New Zealand is entering an industrial age," declared the Minister of Trade and Commerce in a recent speech. Mineral and power resources are being developed, existing industries are expanding, and a variety of new ones will come into production in the next few years if present plans are carried out. This expansion will have its effect on future Canadian trade.

A high rate of growth in manufacturing has particular importance for New Zealand for several reasons. First, the population is growing so fast that the labour force will double in approximately twenty years. Second, the recurrent balance-of-payments crises of recent years have underlined the country's over-dependence on exports of a handful of agricultural products susceptible to wide variations in price. Third, the high standard of living to which New Zealanders have become accustomed may be difficult to maintain unless more real manufacturing of products, as opposed to the assembling of imported components, can be achieved to keep the cost of imports within the country's means.

New Industries Established

Among the important new industries is an aluminum rolling mill. A United Kingdom associate company of a Canadian aluminum producer has begun to build a plant to produce 5,000 tons of aluminum sheet and foil a year and 2,000 tons of wire and cable. Representing an investment of some $6 million (partly from New Zealand sources), the mill will employ about 250 people and is expected to be in production by 1961.

An Australian company has signed an agreement with the New Zealand Government covering an investigation of the economics of smelting aluminum in New Zealand's Southern Alps, using bauxite from the vast reserves of northern Australia. Reportedly, the South Island region now being surveyed has a hydro-electric power potential sufficient to produce 250,000 tons of ingot a year.

Large deposits of aluminum ore have also been discovered in northern New Zealand and this find may have an effect on the future of New Zealand's aluminum industry. The cost of transporting the ore to the source of power, and the extent and quality of the bauxite (yet to be determined) are to be the objects of intensive study.

A merchant bar mill based on New Zealand scrap will produce about 50,000 tons of reinforcing rods, angles, and engineering rounds by the end of 1961, according to a recent government announcement. The company which is to construct this mill will be controlled in New Zealand, although overseas firms will probably participate in the financing and technical operation of the enterprise. An investment of some $10 million is involved and a saving of approximately $4 million a year in imports has been predicted. The mill will not, however, supply New Zealand's total needs in this field.

Of even greater long-term interest is the recent formation of a mixed publicly and privately owned company to look into the prospects of establishing a basic iron and steel industry using New Zealand's extensive iron sands. The Government is to hold 51 per cent of the shares of the investigating company and has reserved the prospecting and mining rights for iron-sand areas for eight years.

Although the limited market for steel and the absence of suitable coal supplies have foiled past attempts to smelt iron in New Zealand, newly developed techniques of steelmaking may make a basic industry economic for this relatively small but high-consumption market. The Government has announced that only one basic iron industry may be established and all interested parties have been invited to participate in the investigating company. The original firms will have a substantial priority in any operating company set up later.

New Oil Refinery

By 1964, New Zealand's first oil refinery will be turning out some 90 per cent of the country's needs in gasoline, diesel fuel, gas oil, fuel oil and bitumen. Six oil companies have formed a joint enterprise to operate the refinery and they will raise 40 per cent of the required capital in New Zealand. Close to $50 million is the estimated cost of the new refinery but the $55 million

bill for New Zealand's annual imports of petroleum products will drop by some $9 million when crude oils are processed domestically.

Meanwhile the search for oil goes on. Over 90 bores have been drilled in New Zealand since 1866 when the first well, one of the few to strike oil, was sunk. Only four wells are now producing under 200,000 gallons of crude in the immediate area of the first strike. Three separate groups are actively engaged in exploration, using seismic surveys and other modern prospecting techniques, and deeper drilling may improve the chances of striking oil in commercial quantities.

These spectacular projects, which have aroused wide public interest, have tended to eclipse the regular expansion of established firms into new fields and new products.

The paper industries have announced plans to install a second newsprint machine; a new kraft mill to be established in the South Island will eventually be fed by its own pulp-making machinery. The production of radiata pine lumber is also to be increased by a large new sawmill at Kinleith. Two firms plan to produce wallpaper. Canadian consultants have played an important role in the growth of the paper industry and will be advising on the construction of the new South Island kraft mill.

The motor vehicle assembly industry, at the Government's suggestion, is studying means to produce more components locally. New Zealand factories already turn out radiators, tires and tubes, finishes and other parts and a gradual increase in the value of domestic components is to be expected.

New Zealand manufacturers of a wide variety of other goods, from carpets to household appliances, have expanded their range to fill the gap created by the strict import controls of the past two years. For example, the carpet industry expects to provide the country's entire needs within three or four years and the paint industry is already self-sufficient.

Canadian, British and American design and engineering skills, as well as financial, technical and management associations, have long contributed to New Zealand's manufacturing industry and new associations are formed regularly. Canadian fork-lift trucks, stoves, washing machines and other appliances are made in this country under licence and the list of such products will increase substantially if present plans are carried out. A wide variety of international firms have been set up in New Zealand either as branches, associate companies, or by licensing arrangements. More are coming every year.

Government Encourages Industry

The New Zealand Government, through the Department of Industries and Commerce, is actively seeking to attract new manufacturing ventures. A New Industries Section, corresponding to the Industrial Development Division of the Canadian Department of Trade and Commerce, has been organized to assist firms in surveying the market and in compiling information required to make a decision on a new enterprise. Information on labour laws, rates of pay, rentals and taxation is available; so is advice on the potential market for products.

Although only two industries require a government licence to operate, most new businesses want assurance from the authorities that import licences will be issued to cover any imported equipment and raw materials needed. The operation of exchange control normally requires Reserve Bank approval for the remission of royalties or profits. Capital stock issues are also controlled. By these means, the Government can channel new investment into fields considered in the best interests of the country. Particularly welcome are enterprises that will contribute to the diversification of New Zealand's export trade, reduce expenditures on imports, or create new employment. The Government has announced, however, that import controls or tariffs will not be used to shelter uneconomic industries unduly.

Foreign Exchange Fund

To ensure that import controls will not retard desirable industrial growth, the Government has set aside a $30 million Development Fund, quite outside of the annual import programs, to provide any additional foreign exchange needed for imports of capital equipment that cannot be fitted into the annual import quotas. The Government does not finance new enterprises nor the expansion of existing ones through this fund. Rather, the $30 million is an extra amount of foreign exchange set up as a possible addition to planned expenditures from foreign exchange reserves. To qualify for import licences charged against this reserve, projects must have the approval of the Government.

Hydro-Electric Power Expansion

New Zealand's hydro-electric power system will encounter heavy increases in demand in the next few years because of this high rate of industrial expansion and the expected growth in population. Although estimates of the total available power potential differ, only a small proportion of total resources has been developed. Even by 1970, when twice the present generated power will be available, only about one-third of the known potential will be in use. At present, power is produced by standard hydro generators, by a steam station, and from three turbines driven by one of the world's two geothermal (i.e., volcanic steam and water) developments. New hydro stations are being built in both islands and a power cable to connect the two grids may be undertaken next year. An accelerated $9 million five-year program of exploration and investigation has been announced.

The planning and engineering of New Zealand's hydro-electric generation has been largely carried out by engineers of the State Electricity Department. Canadian firms have, however, supplied generating equipment and continue to win a share of the contracts available.

Canadian trade with New Zealand must inevitably be affected by this fundamental change in the character of the economy. Indeed the changes are already apparent. Progressively, New Zealand is declining as a market for finished consumer and capital goods. Instead, it tends to import an increasing proportion of raw and intermediate materials, components and parts for finishing, assembly, or complete manufacture in this country. Logically, New Zealand's industrial strength should lie in a more intensive processing of her own raw materials and in the production of goods that require variety, short runs and a large degree of highly skilled labour, rather than mass production at low unit cost. With a population that must remain relatively small, however, opportunities should continue for the vast number of products that cannot be made economically for a small market, for commodities in which Canada has a natural advantage, and for ever increasing amounts of materials, components and supplies for New Zealand industry. ●

The Librarian Suggests

If you are interested in the EUROPEAN FREE TRADE ASSOCIATION, *here is a selected list of articles about it that have appeared recently in newspapers and periodicals. It was compiled by the Library of the Department of Trade and Commerce as an aid to businessmen.* Foreign Trade *cannot undertake, however, to provide or to order copies of any of the publications.*

The European Free Trade Association

External Affairs, September 1959, p. 270-273. (Published monthly by the Department of External Affairs, Ottawa.)

What U.K.'s New Trade Alliance Can Mean for Us

Financial Post, Toronto, November 28, 1959, p. 26.

Establishment of a European Free Trade Association

Board of Trade Journal, London, November 27, 1959, p. 853-854. (Published weekly by U.K. Board of Trade, London.)

European Free Trade Association

Economic Record, September 1959, p. 3, January 1960, p. 1. (Pamphlet published monthly by the U.K. Information Service.)

European Free Trade Association: the Aims of the Seven

Board of Trade Journal, December 11, 1959, p. 941-947. Extract from a booklet entitled "EFTA, European Free Trade Association."

Will Seven, Six Split?

Financial Post, December 5, 1959, p. 22.

Outer Seven Group Lists Import Rules

Journal of Commerce, New York, December 9, 1959, p. 13.

Free Trade Club: the Convention Summarized

The Economist, November 28, 1959, p. 837.

Mr. Amory Greets U.S. Interest in EFTA

Financial Times, London, December 15, 1959, p. 9.

Trade Prospects for the Outer Seven

Euromarket, October 1959, p. 10. (Published by Euromart Publications Limited, London.)

Europe's Trade-Effect of the Six and Seven

Financial Times, London, December 10, 1959, p. 15.

Paris Meetings on OEEC and EFTA

Board of Trade Journal, January 22, 1960, p. 151. Text of resolutions of Paris meetings in January 1960.

Canada Seen Partner in Six-Seven Bridge

Financial Times, Montreal, December 18, 1959, p. 1.

EFTA the Most Significant Trade Development in 1960

Board of Trade Journal, December 18, 1959, p. 1,001.

European Free Trade Association

Text of Convention and other documents approved at Stockholm on November 20, 1959. As presented to the British Parliament. (H. M. Stationery Office, London, Command Paper 906, November 1959.)

The European Free Trade Association: a Preliminary Appraisal. By Miriam Camps

Britain and the European Market—Occasional Paper No. 4, September 7, 1959. 38 pages. (Published in London by Political and Economic Planning.)

Sixes and Sevens

Bank of Montreal Business Review, January 26, 1960, p. 1. (Published monthly at the Head Office of the Bank in Montreal.)

Europe's 6 and 7 Seen Near Accord. Official of Common Market Calls Pact Stemming Rift a Good Possibility

New York Times, February 17, 1960, p. 55.

Europe, the European Economic Community and the Outer Seven. By Kurt Birrenbach

International Journal, Winter 1960, p. 59-65. (Published quarterly in Toronto by the Canadian Institute of International Affairs.)

U.K. Reported Dropping Effort. Hope Wanes for Fusion of Europe's Trade Blocs

Journal of Commerce, New York, February 18, 1960, p. 1.

Scandinavia and the Seven

The Economist, London, October 3, 1959, p. 59-60.

European Free Trade Association

Text of schedules to Annex B to Convention approved at Stockholm on November 20, 1959. Lists of qualifying processes and of basic materials; forms of documentary evidence of origin. As presented to the British Parliament. (H.M. Stationery Office, London, Command Paper 906-1, November 1959.)

A New Prospect (Editorial)

Financial Times, London, December 15, 1959, p. 8. U.K. Chancellor favours the Seven coming together with the Six; favours a wider EFTA. Action by U.S. might facilitate European economic integration.

Outer Seven Urges U.S. Support of Trade Cooperation in Europe

New York Times, January 26, 1960, p. 44.

The European Free Trade Association. By Wilfrid Lavoie, Department of Trade and Commerce, Ottawa.

Foreign Trade, January 16, 1960, p. 25. A discussion, from the Canadian point of view, of the main features of the convention.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Argentina, Australia, Austria, Belgian Congo, Belgium, Brazil, Chile, Colombia, Costa Rica, Cuba, Denmark, Dominican Republic, East Africa, Egypt, El Salvador, Finland, France, West Germany, Ghana, Greece, Guatemala, Haiti, Honduras, Israel, Italy, Japan, Mauritius, Mexico, Netherlands, Netherlands Antilles, New Zealand, Nicaragua, Norway, Panama, Peru, Portugal, Spain, Surinam, Sweden, Switzerland, United States, and Venezuela. The United Kingdom certificate of origin requirements and other conditions under which Imperial Preference is granted are covered by Notice No. 27 A issued by the United Kingdom Commissioner of Customs and Excise.

Other pamphlets issued by the Branch include "Requirements for Shipping Documents in Latin America" and "Import Control Regulations and Tariff Treatment of Canadian Goods", both brief summaries in tabular form, and an outline of "Tariff Preferences for Canadian Goods Abroad." For copies of any of these pamphlets, readers should write directly to the Branch. Data on other countries will be compiled from time to time and they will be added to the list.

Index to *Foreign Trade*

The index to Volume 112 of Foreign Trade, *covering the issues from July 4, 1959, to December 19, 1959, has now been printed. Readers who wish to have copies should write to the Editor.*

Trinidadians Eat More Apples

Apple sales in Trinidad last Christmas nearly doubled those of 1958. Canadians are still top suppliers, though the United States is becoming a powerful competitor. Important in this largely seasonal trade are old-time vendors like Apple Annie, who set up their stands on Port-of-Spain's Marine Square and are regarded as a traditional part of Christmas, like the hawkers of Christmas trees here in Canada.

R. F. RENWICK, *Commercial Secretary, Port-of-Spain.*

DURING the last Christmas season, Port-of-Spain's downtown streets gave the impression that Trinidadians had wholeheartedly adopted the old adage about "an apple a day". From the capital city to San Fernando, Couva and Pointe-a-Pierre, West Indians have taken to crisp juicy Canadian apples as never before.

Christmas Vendors

A year-end report from Princes Town states that vendors in the town's triangle have so far won out against all efforts of the town's Welfare Council to dislodge their shacks. They continue to sell apples at night under the illuminated tree in the centre of the triangle. The Mayor of Port-of-Spain, in an effort to ease traffic congestion on the town's sidewalks, allotted a good-sized, heavily patronized parking area in the city for vendors' booths. This sparked some brisk jockeying for desirable sales locations, as well as specially convened delegations to municipal authorities. It all led to a decisive move to Marine Square. Old hands in the trade, such as "Apple Annie", predict that vendors will be back next Christmas in the same stands and that the Marine Square apple market will become a Christmas institution in Port-of-Spain.

Apple Imports Climb

There is little evidence at present to cast much doubt on this lively forecast. Trinidadian sales of apples (all imported) have expanded at a phenomenal rate, as shown in the accompanying table. In 1958 over 2.2 million pounds were imported, valued at W.I.$561,670 (c.i.f.) or about Can.$311,165 at current rates of exchange. This compares with total imports of only 455,000

pounds six years ago. When customs returns for 1959 are in, it will probably be found that imports soared to the 3.2 million-pound mark—and Canadian exporters have secured most of this new business. Saguenay Shipping Ltd., which does most of the shipping from Montreal, Three Rivers, and other East Coast ports to Port-of-Spain, happily reports arrivals of 44,410 cartons in the 1959 season, up from 22,550 cartons in 1958, or an increase of 97 per cent. Substantial sales will continue, though imports of Red Delicious and McIntosh apples may dip a little this year.

In January 1960 cold storage plants in Port-of-Spain and San Fernando contained ample unsold stocks and the trade is so seasonal that selling apples in January is like trying to dispose of secondhand Christmas trees. By New Year's the street vendors, who sell 65 per cent of all apples to their 765,000 fellow citizens, have usually withdrawn from the trade. This leaves the wholesaler (who may also be the importer) with only the grocery stores as an outlet. On the shelf, flanked by other cheaper fruits, apples are at the mercy of the careful housewife (Trinidad's annual per capita income is only $341) who will probably only finger the merchandise and decide to serve banana soufflé instead of apple tart. The fact that she can buy an apple for W.I.12 or 14 cents that earlier in the season cost 26 cents seems forgotten or else discounted as Christmas luxury spending.

Imports of small parcels of apples sometimes begin to arrive in the last week of September. About 13 per cent of total imports arrive in October, 31 per cent in November, and the trade builds up to the pre-Christmas peak when 54 per cent of imports are received. Agents and distributors try to arrange weekly arrivals (ideally at 7.00 a.m. Monday morning) which allows the remainder of the week for customs clearance and distribution to wholesalers or larger retailers. Because of the lack of storage facilities and the expense of storing, customs sheds often serve as the importers' warehouse. Wholesalers buy from agents or importers before and after arrival of shipments and sell from one to 100 cartons to street vendors or dealers at varying mark-ups, according to buyer, season, and state of the market.

A few small orders of apples are received in the spring by direct shipment from New Zealand. Export prices for these are somewhat higher than for Canadian apples and it is only at the end of the Canadian season that they are taken up. New Zealand apples are considerably more expensive c.i.f. Port-of-Spain, because of the necessity of refrigeration during the three-week voyage. In the future, May and June arrivals of New Zealand Red Delicious and Richereds (a type of Red Delicious) are expected. Australia tried the market in 1953 and 1956 but transhipment of Tasmanian apples in Australian or British ports is so expensive that Australia has been out of the market for the past three years.

During the past five years, United States exports have increased so much that they now constitute a serious threat to Canadian apple exporters. In the five years from 1954 to 1958, U.S. growers boosted sales to Trinidad by a thumping 36,000 per cent—from a trial shipment of 1,678 pounds in 1954 to about 600,000 in 1958 (15,000 cartons of 40 pounds each). The trade reports that imports from this source were moderately lower in 1959.

Canadian apples enter Trinidad free of duty under the British Preferential tariff. A levy of W.I. $0.50 (U.S. 29.5 cents) per 160 pounds is made by the Trinidad and Tobago Customs under the general tariff, and is applicable to imports from the U.S. This duty amounts to W.I.$0.125 (U.S. 7.4 cents) per carton of 40 pounds; the Trinidad surtax of 15 per cent is not collected on apples.

From the Trinidad importer's point of view, this duty is more than offset by the prevailing fluctuating premium on the Canadian dollar. West Indian dollar quotations are rare indeed; a firm U.S. dollar quotation is preferred. Current selling rates at Port-of-Spain banks indicate

IMPORTS OF FRESH APPLES INTO TRINIDAD AND TOBAGO

		1954	1956	1957	1958
Canada	*W.I.$	122,341	173,009	209,016	373,907
	lb.	454,882	507,107	702,270	1,524,722
United States	W.I.$	512	92,361	104,687	155,644
	lb.	1,678	319,295	372,405	599,518
New Zealand	W.I.$		61	15,936	32,040
	lb.		300	64,000	90,000
Netherlands	W.I.$	6,527			
	lb.	28,181			
Australia	W.I.$		20,955		
	lb.		67,880		
Others (Puerto Rico, U.K., St. Vincent, Ireland)	W.I.$	151	57	16,062	79
	lb.	342	188	64,324	212
TOTAL	W.I.$	129,531	286,443	329,765	561,670
	lb.	485,083	894,770	1,138,999	2,214,452

*W.I.$=Can.$0.55. Values quoted are c.i.f.

Source: *Overseas Trade* 1953-1958, Government of Trinidad and Tobago, Central Statistical Office.

that importers here have to pay about W.I.$0.09 more for Canadian than for United States dollars. Canadian growers must therefore be willing to quote lower prices than their U.S. rivals to obtain the business. The following typical landed, duty-paid costs per carton in Port-of-Spain illustrate this point:

United States	
Cost in Port-of-Spain, W.I.	$9.55
Deducted duty	0.125
Landed in bond	9.425
At exchange rate 1.72=U.S.$5.48	
Canada	
Cost in Port-of-Spain, W.I.	$9.55
Duty	Nil
Landed in bond	9.55
At exchange rate 1.81=Can.$5.28	

Over the past season the effect of the preferential duty was nullified but in any event, Canadian exporters still dominated the market and increased the relative importance of their year's sales.

Risks of the Trade

Traditionally only the Trinidad carriage trade bought Canadian apples and only the Extra Fancy quality in barrels or boxes was imported in refrigerated holds. Since the Canadian National Steamships passed from the scene, shipments have been mainly Fancy Delicious or McIntosh in cardboard cartons carried in ordinary general cargo stowage space. British Columbia apples are not exported directly from Vancouver but travel east to an Atlantic port for ocean shipment.

More and cheaper apples have thus reached a greater number of consumers, but the risks have increased. The tray-type or cell-pack corrugated carton gives good protection to each individually packed apple and most arrive in perfect condition. Freight handling, however, may result in some arriving flat-sided, bruised or spotted. When apples are in good demand, dealers are too busy realizing their investment to complain. But when demand falls off, only slight signs of deterioration trigger minute inspection and detailed claims on the shipper, who must guarantee sound fruit on arrival.

Another risk, particularly noticeable early in the season, is the possibility of infestation by codling moth (Carpocapsa Pomonella L.). Trinidad is free from this pest and the island authorities are rightly taking all precautions to protect citrus plantations from possible danger. Actually it is not known whether the moth could survive and reproduce in Trinidad's climate. But until this is scientifically established, apples arriving in port and found on inspection to contain codling moth will be refused entry. Immediate destruction of an entire shipment from any vessel may be ordered, under authority of the Plant Protection Regulations of the Government of Trinidad and Tobago. This is a serious risk and is for the Canadian exporter's account, though the consignee is held directly responsible for incidental charges.

Under these hazardous circumstances the trade is not to everyone's taste and there are only a few engaged in the business in Canada. Trinidad importers number a mere half-dozen who have built up good trade connections and have the experience and resources necessary to cope with unforeseen events.

For growers who wish to quote, prices should be c.i.f., including a Can.$0.25 per carton commission for the agent/importer, rather than net. Freight averages Can.$0.90 per carton, or $34 per 2,000 pound ton by weight rather than measurement, plus $7.20 per ton for receiving, storage and delivery.

Although Port-of-Spain has a grocery-store demand for larger size apples (86 to 96 per carton), these could be reserved for Venezuelan buyers (see *Foreign Trade,* January 2, 1960, page 13). Most of Trinidad's requirements are for the smaller sizes of 140 to 160 or up to 200 per carton, because these travel better and are prized by the street vendors, who sell by the piece. ●

Britain's Gas Industry

CANADIAN manufacturers of domestic or industrial gas appliances and equipment may be interested in how the gas industry is faring in the United Kingdom, one of the world's oldest users. With little natural gas of its own, Britain has maintained and expanded the manufactured gas industry for the past 150 years and is doing so even now, when other forms of fuel and energy are available or being developed. In recent years over £50 million has been spent annually to bring obsolete plant and equipment up-to-date. In 1949 the gas industry was nationalized.

In 1958, 25 million tons of coal were carbonized by the gasworks and nearly 28 million tons by coke ovens operated outside the gas industry. The industry also used 700,000 tons of oil for gas-making. From this production, almost 600,000 million cubic feet of gas were supplied to 13 million consumers.

Gas is used extensively in industries that require a fine degree of heating accuracy, such as pottery and iron and steel making. Temperatures of 2,000 degrees Centigrade may be called for in process work on jet aircraft engines, rockets and guided missiles. In 1958, industrial consumption reached 165,000 million cu. ft.

Supplies of suitable coal are becoming scarce. The Scottish Gas Board, however, is building a plant that will make gas from low-grade opencast coal by a complete gasification process. Surplus "tail" gases from oil refineries are also used, and in a few remote areas consumers burn liquefied petroleum gases.

A small amount of natural gas has been found in Scotland and Yorkshire and some of it has been tapped to supply local needs. Experiments are now being conducted with refrigerated natural gas in liquid form imported from the United States. Already five trial shipments have been made and costs are being examined. If these shipments prove to be commercially feasible, there might be future opportunities in this field for the import of larger quantities of natural gas at a lower per unit cost.

—J. L. MURPHY,
Office of the Minister (Commercial), London.

ARGENTINA'S AGRICULTURAL YEAR

Argentine farmers, in spite of lower yields this past season, look forward to a brighter future, with new government floor prices for wheat, fewer import restrictions, and improved farming methods. Developments should boost Canadian opportunities to sell breeding stock and farm machinery.

G. E. BLACKSTOCK, *Assistant Commercial Secretary, Buenos Aires.*

ARGENTINE agriculture has made slow but steady progress since 1958 and the long-term outlook continues to be bright. Short-term prospects have also improved with the introduction during 1959 of most of the important features of the new economic recovery program, and the abolition of the majority of import restrictions and artificial exchange rates.

Many crops in 1959-60 produced slightly smaller but higher quality yields than those of 1958-59. Bad weather at seeding time reduced seeded areas but yields per hectare (2.47 acres) were generally good.

Wheat Crop Down

Early estimates of this season's wheat production were extremely gloomy; they have now been revised upwards, though the crop will probably be well below last year's. All reports of the new harvest, now nearly completed, indicate that the wheat will be of very good quality with high per-hectare yields. During the year the National Grain Board relinquished its monopoly of the wheat trade and the Government established floor prices for wheat; under this system, the Government buys any wheat for which a better price cannot be obtained privately.

In 1958-59, the wheat harvest totalled 6.7 million metric tons which, counting the carryover from the previous year and allowing for domestic consumption, left slightly over four million tons* available for export and carry over into 1959-60. At the end of 1958-59, over 2.5 million tons of wheat had been exported. Of the remaining 1.5 million tons, well over half-a-million represented either export sales not yet fulfilled or commitments made to local millers from the new crop which was slow to be harvested. The 1959-60 harvest, estimated at about 1.3 million tons less than last year's, will provide no more than about 1.5 million tons for export during the current year.

*Metric tons are used throughout this report.

Brazil is Argentina's biggest foreign customer for wheat and is under agreement to buy up to one million tons a year. Because of a serious drop in its own production this year, Brazil will probably want to buy well up to 100 per cent of this amount in 1960. It is not likely, however, that more than about 600,000 tons will actually go to Brazil, because of a marked tendency for Argentine grain dealers to sell what wheat they can on the European market; such sales bring hard currency returns instead of book credits on a bilateral treaty basis.

Other Grains

Oats and barley yields will be cut this year, but that of rye will rise slightly and of linseed substantially. The first official estimate for this year's oats production is 825,000 tons, against last year's 850,000; barley is expected to dip to 982,000 tons from 1.05 million last year, and rye to 817,000 tons from 840,000. Despite a 5 per cent drop in the seeded area of linseed, it is estimated that production will climb by 12 per cent to 708,000 tons, the highest in 13 years.

Corn was sown heavily last year and early estimates were for a large crop. In March, however, a period of excessive rainfall and flooding began that persisted intermittently through the rest of the season. It caused heavy losses, seriously delayed the harvest, and produced corn of such high moisture content that equipment for drying it was unable to cope with the situation. Serious congestion in all port and interior storage facilities was the result. The final official estimate of production was 4.9 million tons. This year corn sowing began under the same condition of excessive

moisture that prevented a good crop last year. The seeded area was reduced, as some growers decided to go more heavily into other crops such as sunflowerseed. December brought good growing weather but during the past two months the fear of drought has increased and some losses in the corn crop are already evident. Private estimates of production for 1960 are between 4.5 and 5 million tons. The first official estimate of seeded area just issued is nevertheless much higher than had been expected (3 million hectares, up 6 per cent from last year).

Rice production in 1959 made a comeback. Early in the season prospects seemed so poor that P.L. 480 imports from the United States were arranged. At the end of the year, conditions had improved so much that the P.L. 480 arrangement was dropped and some sources asserted that there would be an exportable surplus.

Oilseed Output Satisfactory

Early in 1959, when edible oil production prospects were poor and prices high because of the expected shortage, Argentina arranged to buy 75,000 to 100,000 tons from the United States under P.L. 480. As time went on it became evident that the first estimates had been too low, and toward the end of the year the arrangement was dropped. (P.L. 480 imports up to that time had reportedly reached no more than 4,000 tons.) A total of roughly 168,000 tons of edible oil was actually produced, about 60 per cent from sunflowerseed, 23 per cent from peanut oil, and most of the remaining 17 per cent from cottonseed oil. Little or nothing was available for export, though domestic needs were adequately filled.

Argentine vegetable-oil crops vary widely. Cultivation is usually a gamble and the decision to sow is often made at the last minute. In 1958, for example, vegetable-oil output totalled 328,000 tons and exports 105,000. But exports the year before were less than half that amount, in 1956 less than a tenth, and in 1955 there were none. It is almost certain that the adoption of modern techniques, plus the control of insect pests and of the two serious diseases that at present cut into production, could practically ensure an annual output of 250,000 tons of edible oil.

Apples, Pears, Sugar

Apples and pears both promise good crops this year. According to the first official estimate, the 1959-60 apple harvest will total 457,000 tons. This, though down slightly from last year's bumper crop, is over 50 per cent above the average of the last ten years. Pear production is estimated officially at 103,000 tons, up 12 per cent from 1958-59 and 6 per cent over the last ten-year average.

Sugar growers and exporters have been going through a difficult period; they have made no shipments for some months. This situation stems from the fact that the last two sugar-cane crops in Argentina were exceptionally heavy at a time when international sugar prices were falling; the 1959 crop estimate of 11.5 million tons, though down from last year's record by 10 per cent, is still much above average. In addition, under the current system of government support for the industry, marginal producers, instead of being discouraged, are continuing to grow cane in the usual amounts.

Potatoes from Local Seed

There is usually a fairly substantial and regular market here for Canadian seed potatoes. In 1958, however, Canadian exports of seed potatoes to Argentina amounted to no more than about 15,000 bags, just a little over 10 per cent of the total imported. In June 1959, prospects looked excellent in the seed potato business and chances were good that Canada might obtain a substantial share of the business. But because of domestic price changes for potatoes caused by a sudden drop in consumption plus an accumulation of local stocks from a bumper crop, the market suddenly collapsed and only a small amount of seed potatoes was imported. Although it is still too early to comment on the possibilities of a market in Argentina for Canadian seed in the coming year, it is quite possible that 1960 will see another big harvest of potatoes from local seed. These are almost invariably of inferior quality, but quantity appears to count for more than quality in the Argentine potato market.

Livestock and Animal Products

Argentine cattle herds began to expand in 1959 from the dangerously low point at the end of the previous year. Producer prices fixed discouragingly low, plus high taxes on farmers, led to heavy slaughtering, particularly of young and of female stock. This, plus excessive home consumption, reduced beef cattle herds—which had been estimated at 47 million head at the end of 1956—to 41 million at the end of 1958 at the highest estimate. Some observers were saying it had even gone below the 40 million mark. But the minimum price for steers was boosted late in 1958, and when the official exchange rate was abolished at the beginning of 1959, exporters began to receive much better returns. The wholesale price ceiling was removed in December 1958 and within three weeks the price of beef tripled. By May the slaughter of young and of female stock dropped by 50 per cent and home consumption declined by 30 per cent. In September, the prices that packinghouses were paying for live animals had reached the highest point ever, and producers continued to rebuild their herds to cash in on the boom.

Today the picture is promising. Cattle herds are still far from their former strength but are growing steadily. Export markets are favourable and the industry is generally optimistic and buoyant. In pork and mutton, production and exports

increased during 1958, encouraged by the abolition of the official exchange rate at the beginning of the year and, for pork, by the removal at the end of April of an export retention of 20 per cent. An export retention of 10 per cent still remains for mutton.

Under the terms of a recent agreement with Chile, Argentina will supply that country with substantial amounts of frozen meat. It has also made an agreement to sell chilled beef to Brazil and the first quota of 1,500 tons was shipped recently. Late in 1959 Argentina also contracted to export to Chile up to 40,000 head of breeding stock of the Shorthorn, Hereford, Aberdeen Angus or Holstein breeds. This is taken as an indication of Argentina's confidence that its cattle herds are recovering.

It was announced recently that the 20 per cent import surcharge on all kinds of animal breeding stock had been abolished. This will certainly stimulate imports and is of considerable interest to Canada. Cattle breeding stock from Canada, particularly Holstein, enjoys an excellent reputation here.

The new wool clip is estimated to be close to 200,000 tons, an increase of some 5 per cent over last year's clip. The total available for export—including the carryover from last year's stocks—will be about 230,000 tons, slightly more than 1959's record exports of 225,000. This year, even with the bigger clip, no problems are anticipated in disposing of the exportable surplus, as long as current high international prices are maintained.

No official figures of total exports of Argentine butter and casein for 1959 have been issued yet, but they are expected to rise considerably over 1958, particularly butter. The prospects at the moment are not as bright as last year, but this is a result more of the world price situation than of Argentine productivity. Prices could improve any time during the coming year, and Argentina should be able to maintain the high level of exports of these products.

Cheese shipments rose gradually in 1958. A 20 per cent export retention, which had not been applied to other dairy products, was dropped during the year and gave added impetus to sales.

Farm Machinery Needed

In October a government decree abolished all surcharges on imports of agricultural machinery and equipment not being manufactured in Argentina. This to a limited extent reopened the door to this market, closed for a number of years. The move was a much needed step towards the modernization of farming methods, but it should also be an opportunity for Canadian agricultural machinery and equipment manufacturers to get back into the Argentine market. Domestic production of this equipment is increasing and a number of foreign firms are making plans to invest money in building Argentine plants or in expanding existing ones, particularly for making tractors.

New Deal for Farmers

Farmers in Argentina have decidedly improved their lot in the past year, chiefly through:

- The new foreign exchange control system, in force since January 1, 1959, that eliminated the artificial "official" or pegged rate of exchange at which export sales of most agro-pastoral products were liquidated by the Central Bank.

- The gradual reduction of import surcharges on necessities such as seed, breeding stock, machinery and equipment.

- The elimination of export retentions.

As a result, farmers are at long last receiving a much more equitable share of the export price of their products than they have received for many years. It is a promising sign of healthy new activity in Argentine agriculture, clear evidence of gradually resumed expansion in an atmosphere of optimism. ●

Burma Develops Power

TWELVE years ago, Burma began to survey possible sites for hydro-electric power developments. Seven projects were selected for further study and the first of these, at Balu Chaung, is nearing completion of the first stage.

The Balu Chaung (Balu River) has a series of three waterfalls located near Liokaw, about 250 miles north of Rangoon. Three power developments are planned, to have eventual plant capacities of 24,000, 168,000 and 48,000 kw. Work on the first stage with an initial installed capacity of 84,000 kw. is expected to be completed this year. The work is being carried out by Japanese firms using Japanese plant, equipment and construction materials under the Reparations Agreement negotiated between Burma and Japan.

Test operations and the supply of power to Rangoon will be started this year, plus a program of extending supply transmission lines to north and central Burma, eventually terminating in Mandalay. The project will form the nucleus of a national grid system to supply more and cheaper power.

Some controversy is attached to the Balu Chaung project. It is felt that the development of such a large block of power relative to existing loads will create surplus capacity for many years. Moreover, because the site is far removed from load centers, costly transmission lines must be erected.

This unique situation of having surplus electric power will allow the Burmese to study other developments to use up the excess. Irrigation projects, for example, would allow increased production of rice as well as crops of peanuts, jute, etc.

Although there have been many new industries developed in recent years, Burma remains underdeveloped in this field. The Rangoon area has a steel mill, a pharmaceutical factory, a spinning mill and several flour mills. The establishment of a fertilizer plant and of a paper mill to use bamboo and rice straw is being studied.

Total power output in Burma is small compared to a small province of Canada, but with more power coming in, there will be incentive to set up more industries to use it.

—M. P. CARSON,
Trade Commissioner, Singapore.

At Lisse, heart of the bulb-growing district, this beautiful park each spring becomes the woodland setting for the world's largest outdoor flower show. Established eleven years ago, it now attracts a million visitors.

The Netherlands Sells Springtime

When flowering is finished and the leaves of the plant have withered, the bulbs are carefully dug up and the sand adhering is sifted out. Bulb cultivation calls for great skill and also much hand labour. The growing of bulbs of all kinds is strictly supervised; immature or under-sized ones cannot be exported.

Here the bulbs are being loaded into boats o
more bulb exporters. The canals that bisec
water-table in the soil and simplify the initia
beech trees in the background, sheltering fi

In front of the Parliament Buildings, Ottawa, National Capital Commission gardeners plant Dutch tulips, using a blueprint to ensure the most attractive blending of colours. In ten months of last year, Canadians bought nearly $650,000 worth of tulip bulbs from the Netherlands producers.

IN the Netherlands next month, a wide strip of land bordering the North Sea will glow with colour, as far-spreading fields of spring-flowering bulbs burst into bloom. When summer comes the bulbs will be dug up and, beginning in mid-August, will be dispatched to other European countries, to North and South America, to South Africa, and even to distant Australia. They will bring springtime beauty to the buyers and earn for Dutch exporters close to fifty million dollars.

The Dutch have specialized in the cultivation of bulbs since they were brought to Europe from the Middle East in the 16th century. To the natural advantages of the right climate and a sandy soil with a suitable water table, they have added a skill acquired through long experience. Research, particularly in the bulb laboratory at Lisse, has kept down plant diseases, kept up quality, developed new varieties, and coped with special problems. Today there are 23 main groups of tulips alone.

In 1958, about 20,211 acres in the Netherlands were planted with bulbs. Tulips have become the undisputed leader, with narcissi and hyacinths (the hardest to raise) in second and third place. The Dutch guard their reputation as the world's premium bulb exporters jealously, with strict regulations, strictly enforced.

...vay to one of the 650 or ...lds help to control the ...rtation to market. Note ...n wind and sandstorms.

The two men on the left, inspectors from the Canadian Plant Inspection Service, come to Holland during the shipping season and make sure that bulbs purchased by Canadian buyers comply with regulations. The Dutch Government itself sets up and enforces strict standards of plant health and cleanliness.

Plans for large-scale modernization and expansion offer opportunities for exports of marine accessories, motors, nets, lines and floats, and refrigeration equipment. Among the equipment that Canada has already supplied to the fishermen under the Colombo Plan are two fishing boats and a trawler. One of the former is pictured above.

Ceylon Modernizes Her Fisheries

I. V. MACDONALD, *Commercial Secretary, Colombo.*

MODERNIZATION of Ceylon's fishing industry is now under way and promises to open up sales opportunities for a variety of Canadian products and services. The ultimate goal of the scheme—self-sufficiency in staple fisheries products—will mean the saving of large amounts of foreign exchange now spent on imported fish and will permit the buying of other types of imported goods. But to achieve this objective the present catch of 780,000 cwt. will have to be increased to 4 million cwt. by 1968.

The steps to be taken in modernizing fisheries equipment and methods make Ceylon a potential market for Canadian equipment in this field. These steps are:

- Mechanization of existing small fishing craft
- Introduction of new fishing techniques
- Construction of new mechanized boats
- Construction of fishing harbours and boat-building yards
- Introduction of new trawlers, pelagic tuna boats, and related shore facilities
- Construction of adequate freezing, ice and cold-storage plants
- Improvement of marketing and transport facilities
- Provision of adequate credit facilities
- Increased technological and biological research on fisheries problems.

The mechanization of a proportion of existing craft (there are reportedly 17,000) will provide a market for large numbers of outboard motors and, to a lesser extent, diesel inboards, although higher initial cost may hinder sales of the latter. According to government estimates, over 1,500 traditional Ceylonese small craft should be equipped with motors by 1962, compared with approximately 175 in 1959.

Other Canadian equipment needed might include nylon fishing nets and long lines, both of which are undergoing trials in local conditions and appear to be superior to those from competitive sources. Although Canada enjoys preferential tariff treatment, promotion will be necessary to impress upon buyers of fisheries equipment that somewhat higher Canadian prices are more than compensated by higher quality and longer life. A natural complement to sales of fish nets is the demand for floats, and it is hoped that rising standards will lead also to a demand for Canadian foam-plastic floats. These are, of course, considerably more expensive than the wooden floats now in use but can be identified more easily and are virtually indestructible. The number of trawlers and tuna boats in use is to increase from five in 1959 to 27 in 1963, offering a limited market for echo-sounding devices, radio equipment and possibly radar. Two fishing boats and one trawler—the *Canadian, North Star* and *Maple Leaf,* supplied by Canada under the Colombo Plan—have been employed to train fishermen in the use of bottom long lines, shark lines, troll lines, gill nets, set nets with lights, and hand lines.

Processing Equipment

Boat-building in Ceylon may offer a market for Canadian marine hardware, marine paints and preservatives, but construction of fishing harbours and boat-building yards is unlikely to include Cana-

dian participation because of the relatively small size of such operations. Facilities for the handling, processing, packing, storage and distribution of fresh fish, however, could come within the scope of Canadian suppliers. Under Colombo Plan aid, Canada has already donated a cold storage plant which is in operation at Colombo. It serves only a small portion of the total catch however, and freezing and cold storage facilities generally are still inadequate. In addition to stationary refrigeration equipment and ice-making machinery, there are prospects for refrigeration equipment for use on road vehicles, and also for freezers and refrigerated display cases for retail stores.

Canning facilities and machinery, packaging and labelling machinery are other items which will be in demand, together with engineering, management, and marketing services to help distribution to the growing Ceylonese market and ensure that the increased production is efficiently employed. The establishment of a privately operated and fully integrated Canadian-type fisheries operation in Ceylon might possibly yield attractive dividends, not only on local sales but also in the canning and export of tuna, crab, and Ceylon lobster (crayfish).

Other opportunities for Canadian participation in Ceylon's fisheries development lie in the possible domestic manufacture of gear from Canadian raw materials, where export of the finished product from Canada is not feasible. Alternatively, experienced manufacturers and suppliers of fisheries equipment could offer consulting services to Ceylonese firms interested in local manufacture.

Distribution Problems

Although traditional and picturesque, Ceylon's present fishing industry is unable to cope with the demands of a rapidly expanding population. Increasing imports, chiefly of dried fish originating in India, Pakistan, the Middle East and the nearby Maldive Islands, have resulted. Imports, in fact, are larger than the local catch and considerably higher in value. Marketing methods are rather undeveloped although the Department of Fisheries, with the advice of overseas experts, has attempted to foster co-operative sales channels to provide inland markets with good-quality fish with a minimum of commission charges. The co-operative scheme involves the use of insulated trucks, three of which Canada supplied under the Colombo Plan. The more common channel of distribution, however, is private merchants to whom the individual fishermen are frequently indebted.

In addition to the Canadian-donated vessels, the Department of Fisheries operates the trawler *Braconglen* and there is one privately-owned tuna boat used by a Japanese-Ceylonese company. Almost all the 17,000 fishing boats registered in Ceylon are rather primitive, with short range and small capacity.

Prices for fresh fish of local origin are high in relation to the low per capita income because of the inadequacy of the local catch and the necessity to import. Seer, a better grade of local fish, sells at around Can. 65 cents per pound retail and mullet at 37 cents per pound. Prices for smaller varieties are somewhat lower. The price of imported dried fish from the Maldive Islands has been fixed by the Government at 45 cents per pound for fish sold through the co-operatives, where buyers are limited to one ounce per week per person. Similar Maldive fish is available on the free market for approximately $1.20 per pound. Crab and Ceylonese lobster are sold individually by approximate size and not by weight, and range in price from about 10 to 30 cents each. Distribution of shellfish is not highly developed and canning and freezing services have not yet been established.

It is essential that a Canadian company obtain the services of a local representative to obtain sales. Several engineering firms in Colombo have branches in fishing areas, but in most cases they carry competing lines and it may be necessary to consider the appointment of alternative types of agents—for example, commercial companies, boat-building firms, co-operative organizations, or possibly automotive distributors. For non-technical products, the choice is wider, although the Canadian firm should choose the most appropriate and active of potential representatives.

Progress Slow

Despite Ceylon's favourable fisheries resources, government encouragement, Colombo Plan assistance, and the urgency of increasing food supplies, progress in modernization so far has not been spectacular. The chief problems facing planners are the lack of an organized market, lack of adequate financing facilities, inadequate distribution and lack of technical background among the fisherfolk. Canada has contributed to the establishment of extension schools for fishermen.

More efficient fishing methods will be of greatest value only if the marketing of fish is also improved. Changes in existing trading techniques will call for special sales effort by firms selling modern equipment and methods.

Development in the fisheries industry in Ceylon has suffered from political and economic uncertainties. Present signs, however, point to increasing stability in Ceylon's labour force, more incentive for business enterprise, and an expanding market. All of these suggest profitable expansion of the fishing industry and sales opportunities for export-minded Canadian manufacturers in this field.

Exporters interested in selling in Ceylon should write to the Canadian Commercial Secretary, P.O. Box 1006, Colombo, or to the Commodities Branch, Department of Trade and Commerce, Ottawa. ●

Paints and Varnishes

The Market in Ireland

Good domestic output and high duties limit imports; some scope for raw materials or new types of paint.

W. R. VAN, *Commercial Secretary, Dublin.*

THE Republic of Ireland, with a population of under three million people, possesses a well-established and progressive paint industry that benefits from a high protective tariff. There are 16 manufacturers, mostly subsidiaries of British firms, making a complete range of paints both for domestic and industrial use. Domestic paints include oil glosses and flats, emulsion paints and water paints based on casein and glue.

The industrial category includes air-drying and stoving paints, including oil protective paints for gasworks, ships, oil refineries, etc. The heading "coach finishes" covers cellulose (cars), stoving (cars) and air-drying synthetic paints (buses, railway coaches and engines). Sundries include road-marking paints and insulating varnishes. Apart from the above, some alkyd and epoxy resin finishes and PVA emulsion paints are produced. Combined output of the Republic's paint industry is estimated at between 450,000 and 500,000 gallons a year. The yearly consumption of varnish approximates 50,000 to 60,000 gallons.

The Imperial measure is used exclusively. Raw materials come in a variety of packages (e.g. dry colours, lithophones, titanium dioxide, etc., chiefly in bags of about 112 pounds, and liquids in steel drums of approximately 40 gallons each).

Demand is restricted by the small population. The mild climate is also a factor because buildings do not have to be painted as frequently as in harsher climates.

The United Kingdom is naturally the principal source of paints to supplement domestic production and also supplies raw materials required by Irish manufacturers. Germany ships most of the barytes because of favourable quality and price.

These statistics are not comprehensive, because items comprising raw materials and semi-finished materials are grouped under innumerable other headings.

Up to the present, alkyd resin media for the manufacture of gloss paints have been imported, but one or two of the leading paint manu-

IMPORTS OF PAINTS INTO REPUBLIC OF IRELAND

Colouring materials, including distempers

From	Cwt. (112 lb.)	Value (£)
Britain	7,485	100,560
United States	42	1,760
West Germany	296	740
Netherlands	42	401
TOTAL, including all others	7,919	104,108

Lacquers, artists' colours, paints, dryers, mastics and colours put up for retail sale

From	Cwt. (112 lb.)	Value (£)
Britain	8,153	52,168
West Germany	86	1,651
Netherlands	135	1,305
United States	1	1,270
TOTAL, including all others	8,521	57,168

Cellulose pigmented

From	Cwt. (112 lb.)	Value (£)
Britain	430	4,549
West Germany	2	62
Netherlands	3	41
TOTAL, including all others	437	4,701

Prepared paints and enamels

From	Cwt. (112 lb.)	Value (£)
Britain	2,960	35,214
United States	52	855
Denmark	5	92
West Germany	3	90
TOTAL, including all others	3,023	36,342

Dry colours

From	Cwt. (112 lb.)	Value (£)
Britain	49,635	246,135
West Germany	28,853	57,353
Netherlands	2,019	6,803
Belgium	1,292	2,662
France	420	1,860
TOTAL, including all others	84,039	320,041

Liquid varnishes

From	Imperial gallons	Value (£
Britain	9,754	14,387
Sudan	20	432
Netherlands	92	127
TOTAL, including all others	10,095	14,981

facturers expect to begin making these locally this year.

Automobile assemblers and manufacturers in the Republic use a large proportion of locally produced paints but they do bring in small quantities of specialized lines. Small imports of expensive yacht finishes and anti-fouling, etc., paints enter the Republic. So does a small amount of varnish for use on the inside of metal containers for the packing of foods.

Import Duties

There is a flat ad valorem import duty of 50 per cent on paints as follows: "Paints, distempers, and putty, comprising putty in any form and paints and distempers in liquid or paste form (excluding white lead either dry or in the form of stiff paste, artists' colours in tubes, and any dry colours)."

On "liquid dryers for use in the preparation of paint or varnish, and consisting of a metallic resinate, or a metallic linoleate, or a metallic oleate, or any substance of a like nature, or a mixture of two or more of those substances in white spirit, turpentine, linseed oil, or other medium", there is a duty of 7/6 full rate or 5/- per gallon when originating from the United Kingdom, Canada or other Commonwealth countries. Varnish as such, with white lead, enters the Republic duty-free. Cellulose varnish is dutiable.

A duty-free licensing provision is attached to the foregoing where it can be proved that local manufacturers are unable to meet the demand or to make a particular product. Most raw materials used by domestic manufacturers are normally allowed entry duty-free but under licence; there is no discrimination against dollar suppliers and currency is available.

Paint agents are few in number; travellers from the United Kingdom cover the market. Local manufacturers sell direct to the trade and most of them carry on adequate advertising campaigns in trade journals and the press.

In raw materials for the paint industry, agents operate on a commission of from 2½ to 5 per cent.

For the general run of paint products (excluding specialized products not made locally) sales prospects are slight, without intensive advertising. The only outlet of any consequence is for raw materials and new products. Sales of raw materials depend on our competitive position vis-à-vis existing sources of supply. Local manufacturers are also interested in producing under licence new types of paints not made in Ireland. ●

The Market in Britain

Prospects for Canadian sales in Britain remain strictly limited, because of large output of U.K. industry and stiff U.S. competition.

W. GIBSON-SMITH, *Commercial Secretary, London.*

THE British are well to the fore in paint technology. Any Canadian exporter with his eye on the British market should also remember that technical developments pioneered in the United States are adopted in Britain fairly quickly. Recently, for example, a large British manufacturer, wishing to diversify its activities by entering the paint field, came to an agreement with one of the leading U.S. paint manufacturers (which also has a subsidiary in Canada) authorizing it to use all the accumulated knowhow of the U.S. firm.

United Kingdom Imports

Specialized paint products from North America still come into Britain and they now face no restrictions. In the category of paints, pigments and extenders in paste form, there were no purchases from Canada in the first nine months of 1959; imports totalling 11 tons came from the United States, much less than in previous years. In ready-mixed paints and enamels, only 175 gallons came from Canada but about 21,000 from the United States. Canada supplied in the same period 2,000 gallons of non-pigmented varnish and lacquer and the United States shipped more than 35,000 gallons. In other categories of paints, imports from North America came, for all practical purposes, exclusively from the U.S. and totalled only 93 tons.

Canada enjoys freedom from duty for nearly all types of paints going to the United Kingdom market. Nevertheless, the strength and technical competence of the British industry suggest strongly that almost any special types of paints that Canada sells here in worthwhile volume may be imitated and produced on the spot. The British industry is fiercely competitive. The Society of British Paint Manufacturers recently deplored a "serious downward trend in profit margins" in the past seven or eight years.

Imports of this range of products into Britain from all sources amount to less than 1 per cent of domestic production. One prominent paint merchant believes that they could all be handled by just one wholesaler of respectable size. This holds true in spite of strenuous recent efforts by Continental producers, particularly German (the chief exporter to Britain) to increase sales here. A 12½ per cent tariff faces

most such products from non-Commonwealth countries.

United Kingdom Exports

British exports of various types of paints, varnishes, etc., are, on the other hand, important. They amount to about 10 per cent of production (more than ten times British imports) and go to practically all countries, including Canada.

A press report recently pointed out that Britain was "singularly lacking" in satisfactory statistics for the paint trade. Nevertheless, the following figures give some rough idea of the composition of British exports:

EXPORTS TO ALL COUNTRIES

	1957	1959
	(Value £)	
Paints, pigments and extenders in paste form	1,821,442	1,887,153
Distempers and water paints	571,393	674,167
Bituminous paints, solutions and emulsions for use as paint	355,864	418,404
Paints and painters' enamels, ready-mixed—		
cellulose pigmented	361,821	508,603
emulsion paint	948,727	N.A.
all other ready-mixed paints	7,035,943	7,728,047
Varnish and lacquer, not pigmented	1,365,396	1,541,654
TOTAL	12,460,586	12,758,028

A breakdown of exports by destination in the last two years is not yet available. On the basis of the 1957 figures, it appears clear that the chief markets for distempers and water paints are the under-developed countries, both Commonwealth and foreign. These territories also take the largest proportion of Britain's exports of bituminous paints; small quantities are shipped to Scandinavia and Benelux.

Much the same pattern applies to exports of pigmented cellulose and emulsion paints. The markets for other ready-mixed paints include not only the under-developed countries of Africa, Asia and the Middle East but also Western Europe and, on a small scale, Canada and the United States. More than half of British exports of ready-mixed paints in 1958 went to Commonwealth countries, principally the Colonial territories.

Further details on various aspects of the British industry are available on request from the office of the Minister (Commercial) at Canada House, London. ●

The Market in Northern Ireland

Britain dominates this market, but Canadians might consider licensing local plants to produce new or specialized products.

W. R. VAN, *Commercial Secretary, Belfast.*

NORTHERN Ireland is consuming increasing quantities of all types of paints. The government-sponsored program of industrial expansion, involving the erection of new factories and the establishment of a variety of new industries, has stepped up the demand for industrial paints. Not only postwar housing development, but also new schools, hospitals and office buildings, (more recently in Belfast) have all contributed to greater consumption of household and decorators' paints.

It is impossible to obtain figures on total domestic production of paints and varnishes because they are included in over-all statistics on "chemical and allied trades" in the Northern Ireland *Census of Production.* It is generally accepted that domestic output represents only a small proportion of the territory's total requirements.

Four firms in Northern Ireland make paints and varnishes. Two are relatively small, manufacturing household and decorators' paints only. Output of the other two includes: stove and heat-resisting enamels; water-repellent and chemical-resisting finishes with various bases; bituminous emulsions; decorators' enamels; oil paints, flat and gloss; plastic emulsions, and washable oil-bound paints.

Cellulose-finished paints are not made locally, mainly because of the rigid fire-prevention regulations governing their manufacture.

The do-it-yourself campaign, supported by intensive advertising, has resulted in larger retail sales of the newer types of household paints—jellied enamels, emulsion paints, one-coat finishes, and so on.

Imported Paints

According to the latest statistics compiled by the Northern Ireland Ministry of Commerce, imports of paints, varnishes and shellac in 1958 amounted to 172,000 cwt., valued at £1.6 million. Imperial measures are used throughout the trade.

Britain was the sole supplier, except for small imports from the Republic of Ireland. The British product is highly advertised and the proximity of the source reduces transportation costs and permits quick delivery.

The customs tariff and the regulations governing imports into Northern Ireland are those of the

United Kingdom. Canadian paints and varnishes, if they contain no hydrocarbon oils, are accorded duty-free entry when shipped in accordance with Commonwealth Preference regulations. They are therefore at no tariff disadvantage compared with the domestic product or with imports from Britain or the Republic of Ireland. If they contain hydrocarbon oils, Canadian paints and varnishes are liable to the same duty as those from the Republic of Ireland and enjoy a tariff preference over products of all non-Commonwealth countries. Effective June 8, 1959, paints and varnishes from dollar sources were freed from import licensing restrictions and may now be imported without limit on quantity or value.

Competition is keen, with all the principal British manufacturers already represented by local depots, travellers calling on the trade, or agency arrangements with wholesale paint merchants who carry large stocks. Intensive advertising is being carried on and it is essential where competition is so keen.

Although the Northern Ireland market is open to Canadian manufacturers of paints, the difficulties are obvious. Northern Ireland, as part of the United Kingdom and in close proximity to it, is easily served by the well established paint industry there. Canada's main opportunity lies in endeavouring to have a Northern Ireland manufacturer produce Canadian paints, (especially specialized or new products) under licence. Local distributors would be prepared to consider any new paint products not already on the market. ●

Commodity Notes

Aluminum Bars

PORTUGAL—A decree was published in the *Official Gazette* on February 13 authorizing import on a drawback basis of aluminum bars for the manufacture of electric cables for export. The percentage to be adopted for the calculation of the drawback will be fixed by order of the Minister of Finance—Lisbon.

Chemical Pulp

UNITED STATES—The Lumberton Pulp Company of Lumberton, Mississippi, will manufacture unbleached kraft pulp for world markets. Production is expected to start shortly at 100 tons a day. The plant will employ 250, with an additional 250 woodland cutters —New Orleans.

Corn

MEXICO—Production of corn in Mexico has expanded to the point where imports are unnecessary and there is a surplus for sale abroad. Production has risen from a 1952-56 average of about four million metric tons to some six million in the crop year just completed. This increase resulted from favourable growing conditions and a number of other factors, including higher corn acreage because of depressed cotton prices, and the use of more fertilizer and better cultural practices.

Increased production permitted the Government to stop imports of corn, which had run as high as 800,000 tons in recent years. Instead, an estimated one million tons is available for export and some firm sales to European buyers have already been reported—Mexico, D.F.

Eggs and Poultry

NETHERLANDS—Dutch exports of eggs and poultry rose in value from fl.531 million in 1958 to fl.569.1 million in 1959. Included in this total were 3,150 million eggs for human consumption worth fl.367 million; 77.5 million hatching eggs worth fl.14.6 million, and processed poultry worth fl.115.5 million. West Germany took about 84 per cent of the eggs for consumption and 80 per cent of the processed poultry; Italy took the major share of the hatching eggs. Exports of live poultry declined slightly—from fl.18.1 million in 1958 to fl.171 million last year—The Hague.

Fish

NORWAY—In 1959 Norway's exports of fish and fish products reached a total value of about $120 million, approximately the same as in the previous year, but

some $26.6 million less than in the record year 1957. The biggest reductions were in klipfish, herring meal and canned products. Exports of klipfish totalled about 25,000 tons, 10,000 tons less than in 1958. Stockfish, on the other hand, reached a new high of about 40,000 tons, with the largest quantities going as usual to Italy and West Africa. Exports of frozen fish fillets totalled 21,000 tons against 18,000 in 1958. Sales of salted and fresh fish also rose slightly—Oslo.

Iron Ore

NEW ZEALAND—Plans to establish a company to extract iron ore from the Taranaki District iron sands have been announced. The plant is to produce some 300,000 tons of ore a year when it is in full production. The ore will be exported because there is no domestic iron and steel industry—Wellington.

Newsprint

ARGENTINA—It is reported that a New York firm plans to build a newsprint mill with a daily capacity of 150 metric tons on the Parana River delta. To ensure a continuous supply of raw material, the Government of the Province of Santa Fé will implement a forestation plan to produce the necessary softwoods—Buenos Aires.

Olive Oil

SPAIN—This year's olive oil crop is expected to total about 500,000 tons, with 100,000 tons available for export, valued at $50 million. Spain's crop is proportionately larger than those in other olive-oil producing countries, such as Tunisia, Algeria, etc., where crops are poor this year.

Spain's olive-oil syndicate is to be reorganized and new experimental sections created to study technical aspects of the industry. Plans are being drawn up to increase exports of olive oil canned or bottled in Spain —Madrid.

Pig Iron

INDIA—The Government of India has so far licensed eight firms to put up small private pig-iron plants. Three are to be located in Bombay, three in Madras, and one each in Orissa and West Bengal. One plant at Coimbatore and another at Barbil (Orissa State) have already gone into production—Bombay.

Pulp and Paper

SWEDEN—Exports of all kinds of paper last year reached 1,075,000 tons, 12 per cent over the 1958 figures. Although production is still running short of capacity, present orders booked suggest a slight increase again this year. Prices fell slightly at the beginning of 1959 but have since remained stable.

Exports of cellulose pulp during 1959 totalled about 2.25 million tons, with increased quantities sold to the United States. Prices quoted for the first quarter of 1960 are about the same as last year, except for a rise of about 5 per cent in the price of unbleached sulphate pulp—Stockholm.

Synthetic Resins

PORTUGAL—Sociedade Nacional de Sabões, Lda., large-scale manufacturers of toilet and other soaps, detergent and vegetable oils, have just set up a new plant to produce synthetic resins. Designed and planned by Portuguese engineers, the $560,000 factory will use pine resins, vegetable oils and glycerine made in Portugal as basic raw materials. In its first stage the plant is expected to produce 10 tons a day.

Imports will be limited to some chemical products that are not yet made here, such as phthalic anhydride, pentaerythritol, urea and formaldehyde—Lisbon.

Telephone Equipment

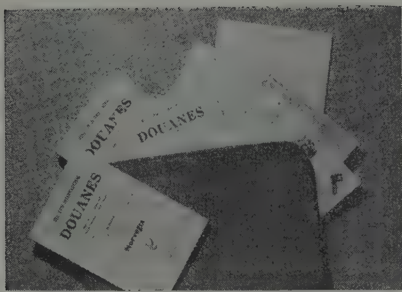
CEYLON—The Ceylon Government has obtained a credit of £2.5 million from the British Government under the Commonwealth Assistance Loans Scheme to buy equipment for modernizing the island's telephone system. A team of British telecommunications experts has recommended the installation of four new exchanges at Colombo, 17 exchanges in other parts of Ceylon, and new trunk cables and extensions, including trunk cables between Colombo-Galle, Colombo-Negombo and Colombo-Kandy. The estimated cost of the whole scheme is about £3.5 million, of which £2.5 million will represent the cost of the equipment from overseas. The loan from the U.K. is intended to cover the cost of equipment only—Colombo.

Volcanic Ash

PERU—A new company has been formed in Peru to extract and process volcanic ash from deposits in the southern Peruvian Andes. The ash will be used to make water and sewage pipes, tiles and building blocks, and mortar. This development will help southern Peru by providing an adequate supply of cheap building materials—Lima.

Wood Veneer

IRELAND—The Times Veneer Co. (Eire), Ltd., Artane, Co. Dublin, has started to turn out veneers. The machinery is the most up-to-date type and was bought in Britain, Belgium and the United States. It is anticipated that 85 per cent of production will be for export. As much native timber as possible will be used—Dublin.



Trade and Tariff Regulations

Australia

LIBERALIZATION OF IMPORT RESTRICTIONS—On February 23 Australia carried out a major liberalization measure, with the result that imports currently valued at approximately £800 million and representing about 90 per cent of the country's total imports are now completely exempt from import licensing.

In a statement to the press, the Australian Prime Minister, Mr. Menzies, indicated that this move had been made possible by Australia's improving balance-of-payments position and was intended primarily as a measure to counter rising internal costs and prices.

About 50 commodities still remain under control. The Australian Minister of Trade stated that some of the commodities of particular importance in trade with Japan would remain subject to licensing control because statistics of licences issued had been of considerable value in the administration of the trade agreement with Japan. He also indicated that a few other items would remain under control until special problems associated with them were resolved. In the meantime, the quotas applicable to products under restriction have been increased by 20 per cent.

The following items of interest to Canada are among those included in the list of goods which will remain under control:

Canned salmon and sardines; printed, dyed, or coloured denims; printed piecegoods; shirtings; tire-cord fabric; towels and towelling; aluminum ingots and alloys; roller and ball bearings; files and rasps; polystyrene, polyethylene and P.V.C. synthetic resins; plywood, veneers and lumber, and motor vehicles of dollar-area origin.

Motor vehicles may now be imported without restriction from non-dollar sources and the Australian Minister for Trade has announced that effective October 1, 1960, they will be removed from control altogether. Lumber will be subject to individual licensing from all countries until April 1, 1960, when the restrictions on lumber will be entirely eliminated.

A complete schedule listing the items which remain under control and showing the licensing treatment applicable has been published by the International Trade Relations Branch. Copies will be furnished on request.

Brazil

AUTOMATIC TELEPHONE EQUIPMENT—Law No. 3683 exempts from customs duties and excise tax for five years imports of equipment, parts and specified materials for the manufacture of automatic telephone switchboards, provided that no locally-made "similars" have been registered in Brazil—São Paulo.

France

DUTIES ON IRON AND STEEL PRODUCTS REDUCED—Effective February 8, 1960, the Government of France issued a decree announcing reductions in some rates of duty on certain types of iron and steel. The items involved are 73.01 of the Brussels Nomenclature (pig iron) and 73.15 (alloy steel and high carbon steel). The duties on many items, which range between 12 and 22 per cent, are reduced to 6 per cent. The reductions apply to imports from GATT-member countries, including Canada.

Information on the reduced rates of duty on specific products may be obtained from the European Division of the International Trade Relations Branch.

Ireland

IMPORTS OF SHEEPSKINS WITH WOOL ATTACHED—An order by the Minister for Agriculture in the Republic of Ireland, effective January 27, 1960, decrees that sheepskins with wool on may not be imported without a departmental licence from any country except Canada, Northern Ireland, the United States, Australia, New Zealand and the Isle of Man. Licences are granted only for skins that have been treated in a manner considered satisfactory by the Department of Agriculture—Dublin.

New Zealand

IMPORT RESTRICTIONS MODIFIED—The following telegram dated March 7 has been received from the Commercial Counsellor for Canada in Wellington on New Zealand import restrictions:

"Assistant Secretary Industries and Commerce has given advance notice of major modifications to 1960 import licensing schedule. While greater quotas have been granted to wide range of goods, more emphasis

has been laid on consumer items than previously. Altogether about 300 items are affected by new amendments. From Canadian viewpoint most significant change is that timber has been placed on global list. This means that motor vehicles is only major item remaining on special dollar list.

"Customs schedule has been liberalized in four ways. First, many more items have been placed on "R" or Replacement List, for which allocations of up to 150 per cent of past quotas will be granted. These "R" items include electric motors, measuring instruments, emery papers, chemicals and drugs, dyes, pianos, tractors and artificers' tools. Second, some items—for example, pine tar and naphthalene—have been placed in new "A" category for which allocations up to amount applied for will be granted. Third, increased basic allocations have been granted to variety of items of importance to Canada—for example, canned fish, certain textiles, and paperhangings. Fourth, a number of consumer items (particularly garments and footwear) for which no licensing provision had been made in the past two years have now been added to token list for which quotas of 10 per cent (in some special cases 100 per cent) of 1956 imports have been established.

"In addition to these outright amendments, an appendix to new Customs Schedule lists a number of "C" class items for which additional import licences will be considered on merit basis and for which budget provision is being made. In this category are such items as paper-pulp, sensitized surfaces, combines and reapers, woollen piecegoods, knitting machines, and woodmaking machinery."

When further details are received from Wellington on this liberalization they will be published in *Foreign Trade*.

CUSTOMS INVOICES—New customs invoice forms incorporating certificates of value and origin have been prescribed by the New Zealand Customs Regulations 1959, dated July 1, 1959. The new forms must be used for shipments arriving after September 30, 1960. Complete information may be obtained from the New Zealand Trade Commissioner in Montreal—Wellington.

United States

QUOTA ON LOW-TARIFF GROUNDFISH FILLETS FOR 1960—The United States Bureau of Customs has announced that for the year 1960 the import quantity of fresh or frozen fillets of cod, haddock, hake, pollock, cusk and rosefish to be granted the reduced rate 1⅞ cents per pound under Tariff Paragraph 717(b), has been set at 36,533,173 pounds. Last year the low-rate quota was 36,919,874 pounds.

Tariff Paragraph 717(b) provides that the aggregate quantity entitled to the 1⅞ cents per pound reduced rate shall be not more than 15 per cent of the average annual consumption of such fish during the three preceding calendar years. All imports above the quota are subject to the higher rate of 2½ cents per pound.

Of the total quantity of fish (36,533,173 pounds) entitled to entry at the rate of 1⅞ cents per pound during the calendar year 1960, not more than one-fourth shall be so entitled during the first three months, not more than one-half during the first six months, and not more than three-fourths during the first nine months of the year.

ESCAPE CLAUSE INVESTIGATION OF BARBED WIRE IMPORTS—The United States Tariff Commission announced on February 9, 1960, that, on its own motion, it has instituted an investigation to determine whether barbed wire, as a result in whole or in part of customs treatment granted thereon under the General Agreement on Tariffs and Trade, is imported into the United States in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing in connection with the investigation is scheduled to begin on May 10 at the Tariff Commission Building in Washington. Persons desiring to appear should notify the Secretary of the Commission in writing at least three days before that date.

Barbed wire is on the duty-free list of the U.S. Tariff.

Tours of Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Barranquilla and Cartagena from April 4-9, and Quito and Guayaquil in Ecuador from May 30-June 4.

A. P. BISSONNET, Commercial Counsellor in Stockholm, Sweden, will visit Helsinki, Finland, from April 3-10.

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

F. B. CLARK, Commercial Secretary in Mexico City, will visit Monterrey from March 28-30.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Cyprus from April 19-23 and Israel from April 24-30. Cyprus has recently been transferred from the territory of the office in Cairo to Athens.

T. F. HARRIS, Consul and Trade Commissioner in New Orleans, will visit St. Petersburg, Tampa, Port Everglades, Miami, Fort Lauderdale and Jacksonville, in Florida, from March 21-31.

W. J. JENKINS, Assistant Commercial Secretary in Lima, Peru, will visit La Paz and Cochabamba in Bolivia, from March 22-April 1.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Bissonnet at Stockholm, Mr. Bullis at Kingston, Mr. Clark at Mexico City, Mr. Dyke at Athens, Mr. Harris at New Orleans, and Mr. Jenkins at Lima.

Foreign Trade Service Abroad

Territory	Officer	City Address	Mail and Cables, Office Telephone
Argentina	C. S. Bissett Commercial Counsellor G. E. Blackstock Assistant Commercial Secretary	Canadian Embassy Bartolome Mitre 478 BUENOS AIRES	*Mail:* (City Address) *Cable:* CANADIAN *Tel:* 33-8237
Australia (Capital Territory, New South Wales, Queensland, Northern Territory) Dependencies	S. V. Allen Commercial Counsellor for Canada H. S. Hay Assistant Commercial Secretary	7th Floor, Berger House 82 Elizabeth Street SYDNEY	*Mail:* P.O. Box 3952 G.P.O. *Cable:* CANADIAN *Tel.:* BW 5696
Australia (Victoria, South Australia, Western Australia, Tasmania)	T. G. Major Commercial Counsellor for Canada	83 William Street MELBOURNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* MU 4716
Austria Bulgaria, Czechoslovakia, Hungary, Romania, Yugoslavia	R. K. Thomson Commercial Counsellor P. A. Freyseng Assistant Commercial Secretary	Opernringhof Opernring 1 VIENNA 1	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 57-25-97
Belgian Congo Angola, Central African Republic, Chad, Congo, Gabon	R. A. Bull Acting Trade Commissioner	Forescom Building LEOPOLDVILLE 1	*Mail:* Boîte Postale 8341 *Cable:* CANADIAN *Tel.:* 2706
Belgium Luxembourg	L. H. Ausman Commercial Counsellor P. T. Eastham Assistant Commercial Secretary	Canadian Embassy 35 rue de la Science BRUSSELS 4	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 13.38.50
Brazil	Wm. Jones Commercial Secretary C. M. Kerr Assistant Commercial Secretary	Canadian Embassy Edificio Metropole Av. Presidente Wilson 165 RIO DE JANEIRO	*Mail:* Caixa Postal 2164 *Cable:* CANADIAN *Tel.:* 42-4140
Brazil	D. M. Holton Consul and Trade Commissioner R. C. Anderson Vice Consul and Assistant Trade Commissioner	Canadian Consulate Edificio Alois Rua 7 de Abril 252 SAO PAULO	*Mail:* Caixa Postal 6034 *Cable:* CANADIAN *Tel.:* 36-6301
Ceylon	I. V. Macdonald Commercial Secretary	Office of the High Commissioner for Canada 6 Gregory's Road Cinnamon Gardens COLOMBO	*Mail:* P.O. Box 1006 *Cable:* CANADIAN *Tel.:* 91341
Chile	H. M. Maddick Commercial Secretary	Canadian Embassy 6th Floor Av. General Bulnes, 129 SANTIAGO	*Mail:* Casilla 771 *Cable:* CANADIAN *Tel.:* 64189
Colombia Ecuador	J. H. Bailey Commercial Secretary and Consul N. L. Currie Assistant Commercial Secretary	Canadian Embassy Edificio Banco de Los Andes Carrera 10, No. 16-92 BOGOTA	*Airmail:* Apartado Aereo 3562 *Surface Mail:* Apar- tado 1618 *Cable:* CANADIAN *Tel.:* 43-00-65
Cuba	R. R. Parlour Commercial Secretary	Canadian Embassy Edificio Ambar Motors Avenida Menocal 16 HAVANA	*Mail:* Apartado 1945 *Cable:* CANADIAN *Tel.:* UO-9457
Denmark Greenland, Poland	C. F. Wilson Commercial Counsellor	Canadian Embassy Prinsesse Maries Allé 2 COPENHAGEN V	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Hilda 3306
Dominican Republic Puerto Rico	W. B. McCullough Commercial Counsellor J. M. Knowles Assistant Commercial Secretary and Vice Consul	Canadian Embassy Edificio Copello 408 Calle El Conde CIUDAD TRUJILLO	*Mail:* Apartado 1393 *Cable:* CANADIAN *Tel.:* 2-8138

Territory	Officer	City Address	Mail and Cables, Office Telephone
France Algeria; Cameroon Republic, Dahomey, Federation of Mali, Guinea, Ivory Coast, Mauretania, Morocco, Niger, Togoland, Tunisia, Volta	W. G. Brett Acting Commercial Secretary C. T. Charland Assistant Commercial Secretary	Canadian Embassy 35 Avenue Montaigne Paris 8e	*Mail:* (City Address) *Cable:* Canadian *Tel.:* BALzac 99-55
Germany Federal Republic	J. A. Stiles Commercial Counsellor G. F. Mintenko Assistant Commercial Secretary W. J. O'Connor Assistant Commercial Secretary (Agriculture)	Canadian Embassy 22 Zitelmannstrasse Bonn	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 21971
Germany	E. H. Maguire Consul J. M. T. Thomas Vice Consul	Canadian Consulate 69 Ferdinandstrasse Hamburg	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 326149
Ghana Gambia, Liberia, Nigeria, Sierra Leone	K. F. Osmond Commercial Secretary	Office of the High Commissioner for Canada E 115/3 Independence Ave. Accra	*Mail:* P.O. Box 1639 *Cable:* Canadian *Tel.:* 4824
Greece Cyprus, Israel, Turkey	W. Van Vliet Commercial Counsellor (temporary) L. D. R. Dyke Assistant Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Ave. Athens	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 74044
Guatemala Costa Rica, El Salvador, Honduras, Nicaragua, Panama and Canal Zone	H. W. Richardson Canadian Government Trade Commissioner R. M. Dawson Assistant Trade Commissioner	5a Avenida 11-70, Zone I Guatemala City, C.A.	*Airmail:* P.O. Box 400 *Surface Mail:* P.O. Box 444 *Cable:* Canadian *Tel.:* 28448
Haiti	Chargé d'Affaires, a.i. and Consul	Canadian Embassy Route du Canape Vert St. Louis de Turgeau Port au Prince	*Mail:* P.O. Box 826
Hong Kong Cambodia, Communist China, Laos, Vietnam, Macao	C. M. Forsyth-Smith Canadian Government Trade Commissioner C. J. Small Trade Commissioner D. J. McEachran Assistant Trade Commissioner	Hong Kong and Shanghai Banking Corporation Bldg. Hong Kong	*Mail:* P.O. Box 126 *Cable:* Canadian *Tel.:* 27743
India (except State of Bombay), Bhutan, Nepal, Sikkim	J. R. Midwinter Acting Commercial Secretary	Office of the High Commissioner for Canada 13 Golf Links Area New Delhi 1	*Mail:* P.O. Box 11 *Cable:* Canadian *Tel.:* 35201
India (State of Bombay only)	H. A. Gilbert Canadian Government Trade Commissioner G. P. Morin Assistant Trade Commissioner	Gresham Assurance House Mint Road Bombay	*Mail:* P.O. Box 886 *Cable:* Canadian *Tel.:* 255154
Indonesia	M. B. Blackwood Commercial Secretary	Canadian Embassy Djl. Budi Kemuliaan No. 6 Djakarta	*Mail:* (City Address) *Cable:* Canadian *Tel.:* Gambir 1313
Iran	A. B. Brodie Commercial Counsellor	Canadian Legation Tehran	*Mail:* Central P.O., Box 1610 *Cable:* Cantracom *Tel.:* 49291
Ireland	W. R. Van Commercial Secretary for Canada	66 Upper O'Connell St. Dublin	*Mail:* (City Address) *Cable:* Canadian *Tel.:* 44251

Territory	Officer	City Address	Mail and Cables, Office Telephone
Italy Libya, Malta	Richard Grew Commercial Counsellor M. S. Strong Commercial Secretary J. G. Ireland Assistant Commercial Secretary	Canadian Embassy Via G. B. De Rossi 27 ROME	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 861-951
Japan South Korea	J. L. Mutter Commercial Counsellor N. W. Boyd Assistant Commercial Secretary R. G. Woolham Assistant Commercial Secretary	Canadian Embassy TOKYO	*Mail:* Canadian Embassy *Cable:* CANADIAN *Tel.:* 408-2101/8
Lebanon Iraq, Jordan, Persian Gulf area, Syrian Region of United Arab Republic	C. O. R. Rousseau Commercial Secretary W. B. Walton Assistant Commercial Secretary	Canadian Embassy Alpha Building Rue Clemenceau BEIRUT	*Mail:* Boîte Postale 2300 *Cable:* CANADIAN *Tel.:* 30794
Mexico	F. B. Clark Commercial Secretary A. A. Lomas Assistant Commercial Secretary W. M. Miner Assistant Commercial Secretary	Canadian Embassy Melchor Ocampo 463, 7th Floor MEXICO 5, D. F.	*Mail:* Apartado 25364 *Cable:* CANADIAN *Tel.:* 25-15-60
Netherlands	J. C. Britton Commercial Counsellor W. R. Hickman Commercial Secretary B. Horth Assistant Commercial Secretary	Canadian Embassy Sophialaan 5-7 THE HAGUE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 61-41-11
New Zealand Fiji, French Oceania, Western Samoa	J. H. Stone Commercial Secretary	Office of the High Commissioner for Canada Government Life Insurance Bldg. WELLINGTON	*Mail:* P.O. Box 1660 *Cable:* CANADIAN *Tel.:* 70-644
Norway Iceland	M. B. Bursey Commercial Counsellor	Canadian Embassy Fridtjof Nansens Plass 5 OSLO	*Mail:* P.O. Box 1379—Vika *Cable:* CANADIAN *Tel.:* 33-30-80
Pakistan Afghanistan	L. A. Campeau Commercial Secretary J. B. McLaren Assistant Commercial Secretary	Office of the High Commissioner for Canada Hotel Metropole, Victoria Rd. KARACHI	*Mail:* P.O. Box 3703 *Cable:* CANADIAN *Tel.:* 50322
Peru Bolivia	D. H. Cheney Commercial Secretary W. J. Jenkins Assistant Commercial Secretary	Canadian Embassy Edificio Boza, Carabaya 831 Plaza San Martin LIMA	*Mail:* Casilla 1212 *Cable:* CANADIAN *Tel.:* 72760
Philippines Republic of China (Taiwan)	H. L. E. Priestman Consul General and Trade Commissioner R. H. Gayner Vice Consul and Assistant Trade Commissioner	Canadian Consulate General Ayala Building Juan Luna Street MANILA	*Mail:* P.O. Box 1825 *Cable:* CANADIAN *Tel.:* 3-33-35
Portugal Azores, Cape Verde Islands, Madeira, Portuguese Guinea	T. J. Monty Commercial Counsellor	Canadian Embassy Rua Marques de Fronteira No. 8—4° D° LISBON	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 53117
Rhodesia and Nyasaland Kenya, Seychelles Is., Tanganyika, Uganda, Zanzibar	L. S. Glass Canadian Government Trade Commissioner	8th Floor Grindlays Bank Chambers Baker Avenue SALISBURY	*Mail:* P.O. Box 2133 *Cable:* CANTRACOM *Tel.:* 26571
Singapore Brunei, Burma, Federation of Malaya, North Borneo, Sarawak, Thailand	M. P. Carson Canadian Government Trade Commissioner B. C. Steers Assistant Trade Commissioner	Rooms 4, 5 and 6 American International Building Robinson Road and Telegraph St. SINGAPORE	*Mail:* P.O. Box 845 *Cable:* CANADIAN *Tel.:* 74260

Territory	Officer	City Address	Mail and Cables, Office Telephone
South Africa (Natal, Transvaal, Orange Free State), Malagash, Mauritius, Mozambique, Reunion	C. R. Gallow Canadian Government Trade Commissioner L. J. Taylor Assistant Trade Commissioner	Mutual Building Harrison Street JOHANNESBURG	*Mail:* P.O. Box 715 *Cable:* CANADIAN *Tel.:* 33-2628
South Africa (Cape Province), St. Helena, Southwest Africa	M. R. M. Dale Canadian Government Trade Commissioner	602 Norwich House The Foreshore CAPE TOWN	*Mail:* P.O. Box 683 *Cable:* CANTRACOM *Tel.:* 2-5134/5
Spain Balearic Islands Canary Islands, Gibraltar, Rio Muni, Rio de Oro	M. T. Stewart Commercial Counsellor	Canadian Embassy Edificio Espana Avenida de Jose Antonio 88 MADRID	*Mail:* Apartado 117 *Cable:* CANADIAN *Tel.:* 47-54-00
Sweden Finland	A. P. Bissonnet Commercial Counsellor	Canadian Embassy Strandvagen, 7-C STOCKHOLM	*Mail:* P.O. Box 14042 *Cable:* CANADIAN *Tel.:* 67-92-15
Switzerland	S. G. MacDonald Commercial Counsellor J. H. Nelson Assistant Commercial Secretary	Canadian Embassy Kirchenfeldstrasse 88 BERNE	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* 4-63-81
United Arab Republic Egyptian Region Aden, Sudan, Ethiopia, Saudi Arabia, Yemen	D. S. Armstrong Commercial Counsellor	Canadian Embassy 6 Sharia Rouston Pasha Garden City CAIRO	*Mail:* Kasr el Doubara Post Office *Cable:* CANADIAN *Tel.:* 23110
United Kingdom	B. C. Butler Minister (Commercial) W. Gibson-Smith Commercial Secretary S. G. Tregaskes Commercial Secretary D. B. Laughton Agricultural Secretary	Office of the High Commissioner for Canada Canada House Trafalgar Square LONDON, S.W.1	*Mail:* (City Address) *Cable:* SLEIGHING *Tel.:* Whitehall 8701
	E. J. White Commercial Secretary (Timber)		*Cable:* TIMCOM
	W. A. Stewart Assistant Agricultural Secretary		
United Kingdom (Midlands, North England)	A. W. Evans Canadian Government Trade Commissioner	Martins Bank Building Water Street LIVERPOOL	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* Central 0625
United Kingdom (Northern Ireland)	W. R. Van Canadian Government Trade Commissioner	36 Victoria Square BELFAST	*Mail:* (City Address) *Tel.:* 21867
United States Delaware, Maryland, Virginia, West Virginia	M. Schwarzmann Minister-Counsellor (Economic) D. A. B. Marshall Agricultural Counsellor T. M. Burns Commercial Secretary J. D. Blackwood Assistant Commercial Secretary J. MacNaught Assistant Agricultural Secretary	Canadian Embassy 1746 Massachusetts Ave., N.W. WASHINGTON 6, D.C.	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* DEcatur 2-1011
United States (Connecticut, New Jersey, Pennsylvania, New York), Bermuda	B. I. Rankin Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Ave. NEW YORK CITY 19	*Mail:* (City Address) *Cable:* CANTRACOM *Tel.:* JUdson 6-2400

Territory	Officer	City Address	Mail and Cables, Office Telephone
	H. E. Lemieux Consul and Trade Commissioner F. I. Wood Vice Consul and Assistant Trade Commissioner		
United States (Massachusetts, Maine, Rhode Island, Vermont, New Hampshire)	J. C. Depocas Consul and Trade Commissioner	Canadian Consulate General 532 Little Building 80 Boylston Street BOSTON 16	*Mail:* (City Address) *Tel.:* HAncock 6-4320
United States (Illinois, North Dakota, South Dakota, Minnesota, Wisconsin, Indiana, Iowa, Kansas, Nebraska, Kentucky, Missouri)	H. J. Horne Consul and Trade Commissioner G. F. J. Osbaldeston Vice Consul and Assistant Trade Commissioner	Canadian Consulate General 111 North Wabash Avenue CHICAGO	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* RAndolph 6-6033
United States (Michigan, Ohio)	M. J. Vechsler Consul and Trade Commissioner R. V. N. Gordon Consul and Trade Commissioner	Canadian Consulate 1139 Penobscot Building DETROIT 26	*Mail:* (City Address) *Tel.:* WOodward 5-2811
United States California (the ten southern counties), Clark County in Nevada, Arizona, New Mexico	Consul and Trade Commissioner (absent)	Canadian Consulate General 510 West Sixth Street LOS ANGELES 14	*Mail:* (City Address) *Tel.:* MAdison 2-2233
United States (Louisiana, Texas, Oklahoma, Arkansas, Mississippi, Tennessee, Alabama, North Carolina, South Carolina, Georgia, Florida)	T. F. Harris Consul and Trade Commissioner	Canadian Consulate General 215-217 International Trade Mart NEW ORLEANS 12	*Mail:* (City Address) *Cable:* CANADIAN *Tel.:* JAckson 5-2136
United States California, (except the ten southern counties), Wyoming, Nevada (except Clark County), Utah, Colorado, Hawaii	Consul General	Canadian Consulate General 3rd Floor, Kohl Building 400 Montgomery Street SAN FRANCISCO 4	*Mail:* (City Address) *Tel.:* SUtter 1-3039
United States (Oregon, Idaho, Washington, Montana), Alaska	Consul General	Canadian Consulate General The Tower Building Seventh Avenue at Olive Way SEATTLE 1, Washington	*Mail:* (City Address) *Tel.:* MUtual 3515
Uruguay Paraguay Falkland Islands	Blair Birkett Commercial Counsellor	Canadian Embassy No. 1409 Avenida Agraciada Piso 7° MONTEVIDEO	*Mail:* Casilla Postal 852 *Cable:* CANADIAN *Tel.:* 96096
Venezuela Netherlands Antilles	R. E. Gravel Commercial Counsellor R. D. Sirrs Assistant Commercial Secretary J. E. Montgomery Assistant Commercial Secretary	Canadian Embassy Edificio Pan American Avenida Urdaneta Puente Urapal, Candelaria CARACAS	*Mail:* Apartado 9277 *Cable:* CANADIAN *Tel.:* 54.34.32
West Indies (Barbados, Trinidad and Tobago, Windward and Leeward Islands) British Guiana, French Guiana, Surinam, Guadeloupe, Martinique	R. G. C. Smith Commissioner for Canada R. F. Renwick Commercial Secretary R. L. Richardson Assistant Commercial Secretary	Colonial Building 72 South Quay PORT-OF-SPAIN	*Mail:* P.O. Box 125 *Cable:* CANADIAN *Tel.:* 34787
West Indies (Jamaica) Bahamas, British Honduras	H. E. Campbell Canadian Government Trade Commissioner C. G. Bullis Assistant Trade Commissioner	Barclays Bank Building King Street KINGSTON	*Mail:* P.O. Box 225 *Cable:* CANADIAN *Tel.:* 2858

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.0522854.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 14	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01151	86.88	(1)
Austria	Schilling		.03659	27.33	
Australia	Pound		2.1333	.4687	
Bahamas	Pound		2.6666	.3750	
Belgium, Belgian Congo and Luxembourg	Franc		.01906	52.46	
Bermuda	Pound		2.6666	.3750	
Bolivia	Boliviano	Free	.00008318	12,022.12	
British Guiana	Dollar		.5555	1.80	
British Honduras	Dollar		.6667	1.50	
Brazil	Cruzeiro	General Category*	.004395	227.53	*Feb. 9 (2)
		Special Category	.001904	525.26	
		Official selling	.05023	19.91	(3)
Burma	Kyat		.1996	5.01	
Ceylon	Rupee		.2000	5.00	
Chile	Escudo	Free	.9033	1.1070	(4)
Colombia	Peso	Certificate	.1479	6.76	
Costa Rica	Colon	Official	.1692	5.91	
		Controlled free	.1431	6.99	
Cuba	Peso		.9503	1.05230	tax 2%
Czechoslovakia	Koruna		.1320	7.57	
Denmark	Krone		.1378	7.26	
Dominican Republic	Peso		.9503	1.05230	
Ecuador	Sucre	Official	.06336	15.78	
		Free	.05600	17.86	
Egyptian Region, United Arab Rep.	Pound	Official	2.7289	.3664	
		Export account selling	2.3300	.4292	
El Salvador	Colon		.3801	2.63	
Fiji	Pound		2.4023	.4163	
Finland	Markka		.002970	336.70	
France, Monaco, etc.	New Franc		.1937	5.16	(5)
French colonies	Franc		.003874	258.13	(6)
French Pacific	Franc		.01065	93.90	(7)
Germany	D Mark		.2279	4.39	
Ghana	Pound		2.6666	.3750	
Greece	Drachma		.03167	31.57	
Guatemala	Quetzal		.9503	1.05230	
Haiti	Gourde		.1901	5.26	
Honduras	Lempira		.4752	2.10	
Hong Kong	Dollar	Free*	.1658	6.03	*Mar. 4
		Official	.1666	6.00	
Iceland	Krona	Official	.02501	39.98	(8)
India	Rupee		.2000	5.00	
Indonesia	Rupiah	Official rate	.02112	47.35	(8)
Iran	Rial		.01254	79.71	
Iraq	Dinar		2.6609	.3758	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 14	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6666	.3750	
Israel	Pound		.5280	1.89	
Italy	Lira		.001530	653.59	
Japan	Yen		.002640	378.79	
Lebanon	Pound	Free	.2985	3.35	
Mexico	Peso		.07603	13.15	
Netherlands	Florin		.2519	3.97	
Netherlands Antilles	Florin		.5076	1.97	
New Zealand	Pound		2.6666	.3750	
Nicaragua	Cordoba	Effective buying	.1440	6.94	
		Official selling	.1348	7.42	
Norway	Krone		.1331	7.51	
Pakistan	Rupee		.2000	5.00	
Panama	Balboa		.9503	1.05230	
Paraguay	Guarani	Official	.007789	129.39	
Peru	Sol	Certificate	.03428	29.17	
Philippines	Peso		.4752	2.10	
Portugal & Colonies	Escudo		.03317	30.15	(9)
Singapore and Malaya	Straits Dollar		.3111	3.21	
Spain and Dependencies	Peseta		.01584	63.14	
Sweden	Krona		.1835	5.45	
Switzerland	Franc		.2192	4.56	
Syrian Region, United Arab Rep.	Pound	Free	.2652	3.77	
Thailand	Baht	Free	.04521	22.12	(8)
Turkey	Lira		.1056	9.47	(8)
Union of South Africa	Pound		2.6666	.3750	
United Kingdom	Pound		2.6666	.3750	
United States	Dollar		.9503125	1.0522854	
Uruguay	Peso	Free	.08402	11.90	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2837	3.52	
West Indies Fed.	Dollar		.5555	1.80	(10)
	Pound		2.6666	.3750	(11)
Yugoslavia	Dinar	Official	.003167	315.76	(8)
		Settlement rate	.001504	665.04	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Markets in Brief

Area: 3,289,440 square miles (approximately half the area of South America).

Population: 64.7 million, increasing by over one million a year.

Climate: tropical in the north, sub-tropical in the centre, temperate in the south.

Language: Portuguese; sales literature in Spanish language is *not* acceptable.

Currency: cruzeiro; "free market" rate February 26—Cr. $185.00. This rate does not apply to imported products but to related services, transfer of dividends, etc.

Weights and measures: metric system.

Capital: Rio de Janeiro until April 21, 1960, when Brasilia, now being built in the State of Goias, is scheduled to become the new capital.

Chief ports: Macapa, Belem, Manaus (on the Amazon), Fortaleza, Natal, Recife, Salvador, Vitoria, Rio de Janeiro, Santos, Florianopolis, Porto Alegre.

Marketing centres: Sao Paulo (population) 3,515,600; Rio de Janeiro 3,030,600; Recife 733,900; Salvador 551,500; Belo Horizonte 535,000; Porto Alegre 532,600; Fortaleza 375,600; Belem 302,800.

Economy: largely agricultural, with coffee contributing approximately 5 per cent of national income, but responsible for about two-thirds of foreign exchange earnings; third largest cattle population in the world; cocoa, sugar and cotton important export crops. Rapid industrialization and development of communications in progress to exploit resources in interior; mining increasing in importance.

Total Brazilian imports: in 1958, U.S.$1,352.9 million; in 1957, U.S.$1,488.8 million; imports per capita, $20.92.

Chief imports: (value in per cent) machinery and vehicles 38, petroleum and derivatives 23.4; foodstuffs and beverages 12; chemicals and pharmaceutical products 9.8; manufactured articles 8.6.

Chief suppliers: 1958 (in per cent)—United States 35.6; West Germany 10.4; Venezuela 10.2; Argentina 6.6; Netherlands Antilles 4.8.

Value of imports from Canada: 1958—Can.$21 million, 1957—Can.$26 million.

Chief imports from Canada: 1958 (in per cent)—newsprint 17, aluminum 12.5, electrical apparatus 6.7, asbestos 6.5.

Total Brazilian exports: 1958—U.S.$1,242.9 million, 1957—U.S.$1,391.6 million.

Chief exports: 1958 (in per cent)—coffee 55.3, cocoa 7.1, sugar 4.6, pinewood 4, iron ore 3.7.

Chief markets: 1958 (value in per cent)—United States 43, Argentina 8.6, West Germany 6.2, United Kingdom 4.2, Netherlands 3.6.

Value of Canadian purchases: 1958—Can.$27 million, 1957—Can.$35 million.

Chief Canadian purchases: (in per cent) green coffee 74; cocoa beans, butter and paste 7.8; sisal fibre 4; iron ore 3.

Dollar exchange: currently available for imports 120 days after purchase at appropriate currency auctions. All normal imports classified into either General or Special Category for exchange purposes. Cost of U.S. dollar: for General Category, Cr.$224.92; for Special Category, Cr.$424.92.

Prices: quote only in U.S. dollars, f.o.b.

Samples: import restricted if of commercial value.

Trade Agreements: most-favoured-nation agreement with Canada; equal tariff treatment of imports from all countries, but bilateral trade agreements with Argentina, Chile, Czechoslovakia, Denmark, Finland, East Germany, Iceland, Israel, Japan, Norway, Poland, Hungary, Yugoslavia, Portugal, Romania, Spain, Sweden, Turkey and Uruguay result in fostering of imports from these countries by varying exchange rates (currently about 15 per cent) unfavourable to convertible-currency countries such as Canada.

Import controls, documentation, customs tariffs, marking and labelling: all imports require licence automatically available after currency purchase. Consult International Trade Relations Branch, Department of Trade and Commerce, Ottawa, Ontario.

Canadian bank: Royal Bank of Canada in Rio de Janeiro, Sao Paulo, Santos and Recife.

Correspondence: airmail only; letters 10 cents per half-ounce.

For detailed information on this market write to:

Latin American Division
International Trade Relations Branch
Department of Trade and Commerce
Ottawa, Ontario

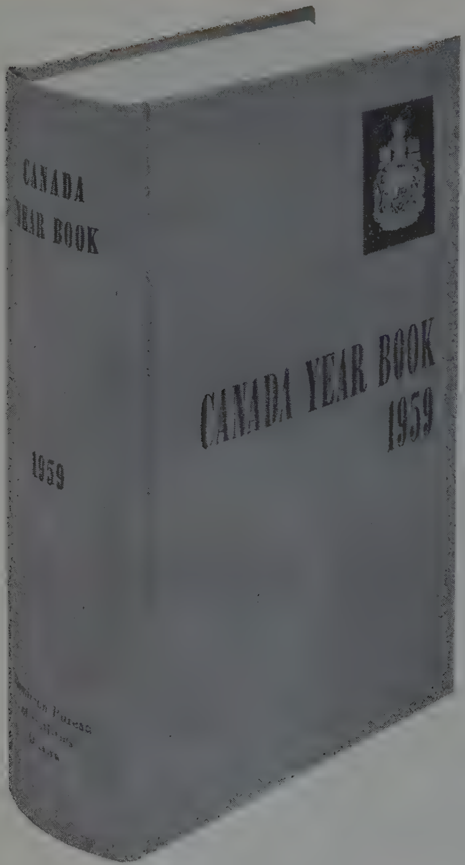
or

Commercial Secretary	Consul and Trade Commissioner
Canadian Embassy	Canadian Consulate
Caixa Postal 2164	Caixa Postal 6034
Rio de Janeiro	Sao Paulo

(by airmail only)

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada



Now on sale to the public

CANADA YEAR BOOK 1959

- 1300 pages
- Special articles
- Charts
- Maps
- Diagrams

This official statistical annual on the Nation's resources, institutions, and social and economic conditions is an indispensable reference volume for the teacher, student, researcher, the executive, the business and professional person, the industrial planner, and the employer.

Like its predecessors, the **Canada Year Book** 1959 presents a great range of up-to-date statistical information and analytical commentary on almost every phase of Canada's development.

Additional features of the **Canada Year Book** 1959 include special articles on the climate of Canada, postwar immigration, the mineral industry, the Fisheries Research Board, steel in Canada, and Canadian journalism since 1900.

$5 PER COPY
CLOTH BOUND

Copies of the Canada Year Book 1959 *are available from the Superintendent of Publications, The Queen's Printer, Ottawa, and from the Information Services Division, Dominion Bureau of Statistics, Ottawa. Orders should be accompanied by postal money order or cheque made payable to the Receiver General of Canada.*

APRIL 9, 1960

foreign trade

CANADA

THE FISHERIES IN '59 (page two)

Established in 1904

foreign trade

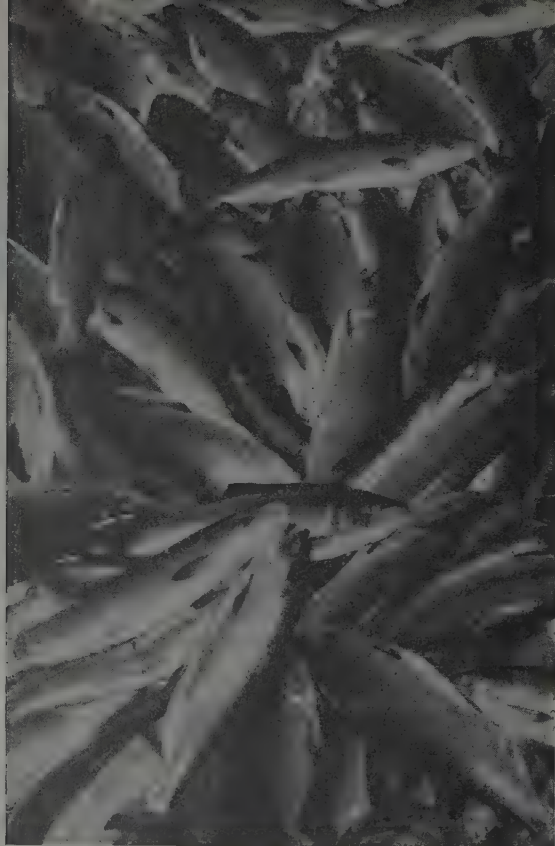
OTTAWA, APRIL 9, 1960 Vol. 113, No. 8

cover Canada's large lakes and rivers support a commercial fishery that lands well over a 100-million-pound catch every year. Here, for example, fish are scooped out of a pound net on Lake Erie. The harvest from inland waters, however, appears modest beside the nearly two billion pounds of seafish and shellfish landed last year. For an analysis of fisheries output, exports and imports, and the latest statistics, see page two. —NFB Photo

CANADA

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister. JAMES A. ROBERTS, Deputy Minister.

Please forward all orders to: Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.



The Fisheries in '59

Landings up 3.7 per cent

Value down 9 per cent

Exports second only to '58

Markets opening up

T. R. KINSELLA, *Chief, Fisheries Division, Agriculture and Fisheries Branch.*

THE Canadian catch of seafish and shellfish in 1959, at 1,942,081,000 pounds, was 69,657,000 pounds larger than in 1958 though the value, at $94,507,000, was 9 per cent smaller. The increase in the over-all catch resulted mainly from heavier landings of Atlantic cod and Pacific herring. However, the valuable Pacific salmon output was down 43 per cent and this accounted for the smaller returns.

Fishermen in the Atlantic Provinces landed 1,329,469,000 pounds, a 9 per cent gain over the 1958 total of 1,218,017,000 pounds and the exact reversal of the situation last year, when Atlantic landings fell 9 per cent. Increases in the cod, haddock, alewives, and lobster fisheries helped to raise the value of the Atlantic fishery to $59,128,000—or 16 per cent over 1958.

Pacific Coast fishermen caught only 612,612,000 pounds, a 6 per cent drop from over-all landings in 1958. The value of the entire Pacific fishery dropped 33 per cent—from $52,482,000 in 1958 to $35,379,000 in 1959. Salmon landings were the lowest since 1921. However, it should be noted that 1959 was a low-cycle year for sockeye salmon and in addition, there was a wage dispute between the fishermen and the operators or producers during the height of the salmon season. The halibut catch was slightly higher than in 1958, and herring landings totalled 443,260,000 pounds valued at $7,335,000, compared with 405,124,000 pounds worth $6,712,000 in 1958.

Current returns of the inland fisheries (annual average well over 100 million pounds) are not yet complete and are not included in the above total of landings in the Canadian fisheries. However, the distinct progress being made by the International Great Lakes Fishery Commission in its efforts to eliminate the predator lamprey is worth noting. Present operations are centered in Lake Superior. Another significant happening in the freshwater fishery during 1959 was the experimental program conducted by

the Department of Fisheries in Lake Erie with the introduction of the mid-water trawl for the first time. This form of marine fishing gear was developed by specialists from Canada's West Coast.

Exports and Imports

The value of exports of fisheries products in 1959 reached $147,-816,000, the second highest in the history of the Canadian fishing industry, surpassed only by the all-time record of $155,016,000 in 1958. Shipments were consigned to 83 countries. The smaller sockeye pack of 256,420 cases in 1959 compared with 1,074,305 cases in 1958—the largest output since 1905—was the principal reason for the lower returns. However, there were losses also in fresh and frozen fish (which included inland fish), fresh and frozen seafish fillets and blocks, smoked fish, salted groundfish, and pickled and dry salted fish. On the other hand, exports of canned sardines, of molluscs and crustaceans (mainly lobsters), fish and whale meal, marine oils, and miscellaneous fisheries byproducts gained in value.

Imports of fisheries products into Canada during January-November 1959 were smaller than in the same period of 1958 and were valued at $15,050,627 as against $15,996,000 during the corresponding period in 1958. Imports of Japanese canned salmon, which were negligible, largely accounted for the drop. However, sales of canned sardines from Norway and canned shellfish from the United States improved. Marine oils were down. It is interesting to note that fisheries products, mostly specialty items, were imported into Canada from 39 countries last year.

Fresh and Frozen Fish

The export value of fresh and frozen fish, as well as fillets and frozen blocked fish, dropped slightly from the 1958 totals. However, a welcome development in November 1959 was the removal of the controls on imports of fresh and frozen salmon into the United Kingdom. Before the Second World War, annual shipments of Canadian frozen salmon from both coasts to Britain averaged about 5 million pounds.

The freeing of fresh and frozen salmon imports was followed in February 1960 by the relaxation of the restrictions on imports of all fresh or frozen fish into the United Kingdom. This was of prime interest to our exporters of frozen halibut who before the war shipped from Canada to Britain over 2 million pounds a year. Of lesser significance was the fairly recent removal of the controls on imports of fresh and frozen fish from the dollar countries into France, Italy and Australia. The renewal of the trade agreement between Iceland and Russia for the annual delivery of up to 32,000 tons of Icelandic frozen fillets to Russia during the three-year period 1960-62 should also help to stabilize the frozen-fish market.

Preliminary returns indicate that imports of fresh and frozen ocean perch and groundfish fillets and blocks (cod and related species) into the United States during 1959 totalled 184.8 million pounds, compared with 165.5 million in 1958. Canada was the leading supplier of frozen cod fillets, providing 28.4 million pounds out of the total of 54.9 million. Iceland was second with 17.2 million pounds, followed by Denmark (5.6 million) and Norway (3.1 million). West Germany, St. Pierre and Miquelon, Greenland, the Netherlands and the United Kingdom also exported some quantities to the United States market.

Canada and Iceland furnished most of the frozen haddock and ocean perch fillets and Canada, with 43 million pounds out of a total of 85.3 million, was the principal exporter of frozen blocked fish to the United States. Iceland (16.4 million pounds), Norway (12.5 million), Denmark (10.2 million), and West Germany (1.4 million) were also important suppliers.

These frozen blocks or slabs of fish went to some 41 manufacturers of fish sticks in the United States, the bulk of them in the Atlantic Coast States. These firms produced 60.3 million pounds of fish sticks against 60.9 million in 1958 and 53.1 million in 1957. The United States output of fish portions in 1959 reached 37 million pounds, compared with 21.8 million in 1958. Prohibitive tariffs on both the cooked and uncooked fish sticks and portions prevent Canadian exporters from shipping these products to the United States; they have to content themselves with providing the raw material.

Of significance in the fresh and frozen fish trade in 1959 was the implementation of the specifications of the Canadian Government Specifications Board governing the voluntary inspection of fish plants and fisheries products. These are designed to bring about a more uniform fishery product at the retail level. Fresh and frozen products that meet the requirements will be marked "Canada Inspected" or "Packed under Government Supervision" to show that they have passed government inspection.

Salted Fish

A larger quantity of groundfish (cod and related species) was processed in the wet salt form in 1959 than in 1958 and a considerable supply was exported to Italy, Portugal, and Cuba. The total quantity put up as dried salted fish was smaller and the exportable surplus was in keen demand in traditional outlets.

A very important development in the salt fish trade was the complete withdrawal during September 1959 of the retail price ceilings on salt cod in Jamaica, one of our largest outlets for this product. Puerto Rico, normally the principal market in terms of quantity, also took a forward step in January, when the existing price ceilings on salt cod were increased by two cents a pound.

The output of salt cod in the leading producing countries was lower

82364-1—2

Canadian Exports of Fisheries Products by Countries, 1955-1959

	1955		1956		1957		1958		1959	
	$'000	%	$'000	%	$'000	%	$'000	%	$'000	%
All Areas	**128,843**	**100.0**	**133,706**	**100.0**	**132,455**	**100.0**	**155,016**	**100.0**	**147,816**	**100.0**
United States	**91,975**	**71.4**	**96,758**	**72.4**	**97,006**	**73.2**	**103,321**	**66.7**	**98,645**	**66.7**
Total British Caribbean	**6,822**	**5.3**	**7,389**	**5.5**	**7,928**	**6.0**	**6,850**	**4.4**	**7,909**	**5.4**
Jamaica	3,736	2.9	4,021	3.0	4,456	3.4	3,319	2.1	4,336	2.9
Barbados	426	0.3	529	0.4	535	0.4	482	0.3	431	0.3
British Guiana	420	0.3	540	0.4	635	0.5	754	0.5	801	0.5
Leeward and Windward Islands	800	0.6	968	0.7	981	0.7	911	0.6	995	0.7
Trinidad and Tobago	1,271	1.0	1,153	0.9	1,157	0.9	1,189	0.8	1,130	0.8
Other British Caribbean	169	0.2	178	0.1	164	0.1	195	0.1	216	0.2
Total Non-British Caribbean	**10,349**	**8.0**	**10,092**	**7.5**	**9,759**	**7.4**	**9,671**	**6.2**	**9,027**	**6.1**
Puerto Rico	4,425	3.4	3,205	2.4	3,887	2.9	4,017	2.6	2,773	1.9
Cuba	2,169	1.7	2,820	2.1	2,488	1.9	2,204	1.4	2,736	1.8
Dominican Republic	1,490	1.2	1,831	1.4	1,670	1.3	1,599	1.0	1,669	1.1
Haiti	894	0.7	1,214	0.9	656	0.5	798	0.5	677	0.5
Panama	377	0.3	314	0.2	362	0.3	377	0.3	146	0.1
Other Caribbean	994	0.7	708	0.5	696	0.5	676	0.4	1,026	0.7
Total Europe	**14,829**	**11.5**	**15,257**	**11.4**	**13,294**	**10.0**	**31,501**	**20.3**	**28,751**	**19.4**
United Kingdom	5,783	4.5	8,799	6.6	7,731	5.8	25,453	16.4	22,363	15.1
Belgium and Luxembourg	2,069	1.6	1,284	1.0	1,003	0.8	1,013	0.7	1,139	0.8
Germany	197	0.2	1,191	0.9	369	0.3	565	0.4	487	0.3
Italy	2,534	1.9	1,525	1.1	1,732	1.3	1,214	0.8	1,364	0.9
Netherlands	1,558	1.2	661	0.5	364	0.3	1,091	0.7	613	0.4
Portugal	734	0.6	172	0.1	261	0.2	532	0.3	993	0.7
Spain	800	0.6	847	0.6	1,083	0.8	932	0.6	285	0.2
Other Europe	1,154	0.9	778	0.6	751	0.5	701	0.4	1,507	1.0
Total All Other Countries	**4,868**	**3.8**	**4,210**	**3.2**	**4,468**	**3.4**	**3,673**	**2.4**	**3,484**	**2.4**
Other Commonwealth	3,890	3.0	3,455	2.6	3,114	2.4	2,783	1.8	2,495	1.7
Brazil	35	*			397	0.3	308	0.2	524	0.4
Belgian Congo	77	0.1	17	*	63	*	19	*	32	*
Taiwan	80	0.1			164	0.1	40	*		
Philippine Islands	298	0.2	338	0.3	293	0.2	93	0.1	99	0.1
All other countries	488	0.4	400	0.3	437	0.4	430	0.3	334	0.2
Total Commonwealth Countries	**16,495**	**12.8**	**19,643**	**14.7**	**18,773**	**14.2**	**35,086**	**22.6**	**32,767**	**22.2**

*Less than half of one-tenth of one per cent.

in 1959 and Canadian exporters had little difficulty in marketing supplies. However, in Brazil exchange difficulties continue and more recently a similar problem was encountered in Cuba, where the demand was strong but importers were unable to obtain the necessary currency for prompt payment.

Canada's trade agreements with the Governments of Spain and Portugal covering the provision of dollars for the purchase of Canadian salt cod were continued in 1959. Italy and Trinidad were free of any import restrictions and important quantities of salt cod were sold in both.

A new product—salt cod fillet blocks—has been developed by the fish processing experimental plant of the Department of Fisheries in Valleyfield, Newfoundland. Sample lots were sent to a few key markets in 1959 to test consumer acceptance and many favourable comments were received. Further experiments will be made in 1960-61 with a view to assisting the salt fish industry.

Exports of salted scalefish (pollock, hake and cusk) were larger in 1959 than in the previous year; the Dominican Republic, British Guiana and Puerto Rico were the principal outlets. Pickled fish (herring, mackerel and alewives) and smoked herring bloaters sold without difficulty. Most of the tropic-cure pickled mackerel and herring went to Jamaica; the Dominican Republic and Haiti were the main markets for smoked herring bloaters. Haiti was also the leading outlet for pickled alewives.

Canadian Exports of Fisheries Products by Forms, 1955-1959

(total value in millions of dollars)

	1955	1956	1957	1958	1959
All Fish Products	128.84	133.71	132.46	155.02	147.82
Fresh and Frozen	73.52	77.97	81.46	88.20	85.74
Whole or dressed	26.21	28.50	29.80	35.73	33.15
Fillets	29.05	31.10	33.39	35.17	33.37
Shellfish (in shell and meat)	18.26	18.37	18.27	17.30	19.22
Cured	23.94	22.84	24.51	22.70	21.79
Smoked	1.41	1.76	1.60	1.58	1.43
Bloaters and kippers	0.95	1.23	1.00	1.01	0.92
All other	0.46	0.53	0.60	0.57	0.51
Salted and Dried	19.11	17.71	19.42	18.20	17.72
Cod	17.23	15.59	16.84	15.69	14.77
All other	1.88	2.12	2.58	2.51	2.95
Pickled	3.42	3.37	3.49	2.92	2.64
Herring	1.69	1.65	1.88	1.75	1.45
All other	1.73	1.72	1.61	1.17	1.19
Canned Fish and Shellfish	20.20	19.63	16.02	35.63	28.00
Salmon	16.24	14.98	11.27	30.64	22.46
Sardines	1.67	2.12	2.28	2.80	2.95
Lobster	1.84	2.07	2.06	1.82	1.93
All other	0.45	0.46	0.41	0.37	0.66
Miscellaneous	11.18	13.27	10.47	8.49	12.29
Meal	5.67	7.59	6.18	3.85	6.70
Oil	2.21	2.24	0.93	1.32	2.35
All other	3.30	3.44	3.36	3.32	3.24

The quantity of salted groundfish exported during 1959 reached only 106,937,000 pounds against 110,-527,000 in the previous year. Pickled fish and dry salted herring and salmon shipments reached 20,113,000 pounds, in comparison with 24,920,000 in 1958.

Canned Fish

Although 1959 was a low-cycle year for sockeye salmon, the two-week strike during the latter part of July and the first part of August —the peak of the salmon-fishing season—had some effect on the size of the total pack of British Columbia canned salmon in 1959. Only 1,089,799 cases were put up, compared with 1,900,025 in 1958 (the year of the gigantic sockeye run to the Adams River) and 1,424,264 in 1957.

With the removal of the restrictions on imports of canned salmon into the United Kingdom in September 1958, the demand for supplies in all markets became exceptionally strong. Preliminary reports indicated that the packs of the other salmon-producing nations—the United States, Japan and Russia—were also lower in 1959. This did not improve the world supply position for this product.

Exports of all varieties of our Pacific Coast canned salmon in 1959 were valued at $22,462,000, a considerable drop from the $30,640,000 of the previous year. The United Kingdom and the Canadian domestic market continued to be the leading outlets, with Belgium, New Zealand, France, Australia, the United States, Italy, the Netherlands and Trinidad included in the long list of additional markets.

France, an important prewar purchaser of Canadian canned salmon, removed controls on imports of this product in July 1959 and Italy took similar action on January 23, 1960. However, certain restrictions were still in force in New Zealand, Australia, and South Africa and imports were subject to allocations administered by the importing countries.

The demand for Canadian sardines continued strong in 1959 in all traditional outlets and exports of canned sardines reached $2,953,000 in value compared with $2,798,000 in 1958. The principal purchasers were Jamaica, Trinidad, Australia, Cuba, South Africa, British Guiana, Leeward Islands, Barbados, Dominican Republic, Panama, Guatemala, Fiji, New Zealand, and Austria. Imports of canned sardines into the important Australian, New Zealand, and South African markets were still controlled.

Molluscs and Crustaceans

An encouraging note in 1959 was the increased catch of lobster—45,625,000 pounds valued at $17,296,000 as against 42,919,000 pounds worth $15,360,000 in 1958.

The United Kingdom authorities abolished the controls on imports of canned lobster and paste on June 8, 1959, and shipments moved to that market without restriction for the first time since 1939. The United States, Sweden, West Germany, Belgium, France, the Netherlands, and Switzerland were other outlets for the canned product. Restrictions on imports of canned lobster were removed in France in July 1959. Almost all the fresh and frozen lobster found a ready market in the United States.

Production of clams, scallops, oysters, squid and other shellfish was also higher in 1959. Exports of shellfish totalled $21,230,550 in value as against $19,160,000 in 1958.

Fish Byproducts

Herring landings on the Pacific Coast during 1959 reached 222,015 tons, second only to the 1956 record of 245,697. However, the landed value of $7,355,000 for the over-all catch of herring in 1959 represented

a record for this species. In 1958, fishermen caught 202,561 tons with a landed value of $6,712,000.

Almost all of the Pacific herring was processed into meal and oil. Put up as herring meal in 1959 were 37,578 tons as against 34,760 in the previous year; 4,746,304 gallons of herring oil were produced in comparison with 4,127,761 in 1958. The United States was the leading outlet for Pacific Coast herring meal in 1959; the United Kingdom, Mexico, and Hawaii also bought important quantities.

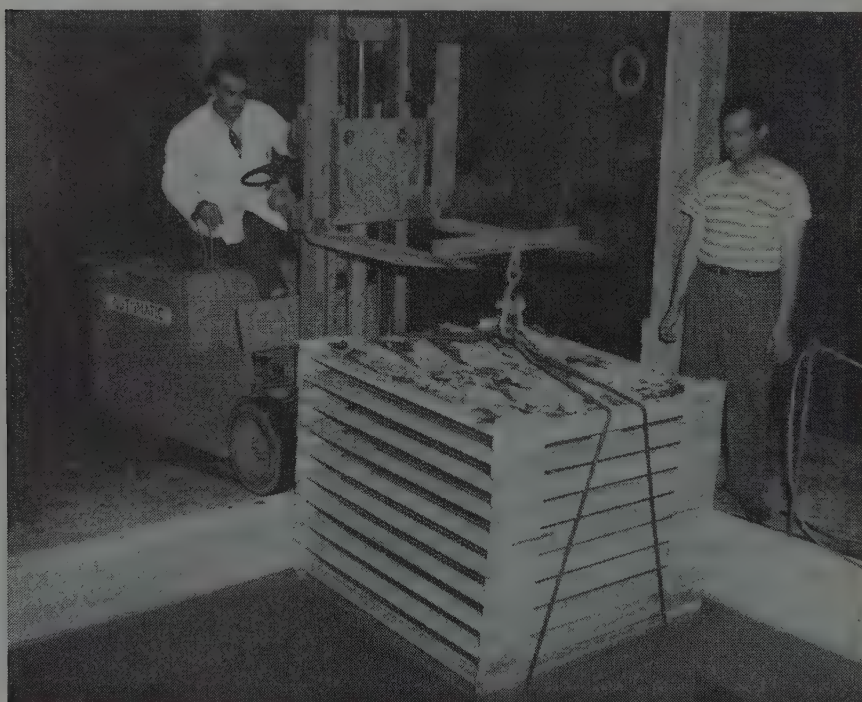
Atlantic Coast fish-meal production in 1959 reached 21,083 tons, compared with 19,849 tons in the previous year. The 1959 output of Atlantic fish oils (including cod and seal) totalled 1,299,319 gallons, down from 1958's 1,405,409 gallons. Atlantic fish-meal exports went chiefly to the United Kingdom and the United States. Low-priced fish meal from Peru—which has made phenomenal strides in increasing its production during the past few years—had a depressing effect on our fish-meal sales, pushing down prices in our traditional markets.

The United Kingdom was the major market for Pacific herring oil, followed by West Germany and the United States. Atlantic Coast cod liver oil was exported to the United States, the United Kingdom and Jamaica. Halibut liver oil for pharmaceutical purposes found outlets in the United States, Guatemala and Cuba; markets for whale oil in 1959 were the United Kingdom, the Netherlands, El Salvador, the United States, and West Germany. Fish livers and viscera for oil, fish scales, fish skins, fish solubles and seaweeds were in demand in the United States.

During the first part of 1959, the fishing industry participated in the Canadian Trade Fairs in Jamaica and Trinidad. Special exhibits of Canadian fisheries products were also presented at international trade fairs in Europe. A successful fisheries reception for United States purchasers and foreign buyers of fish was held at Canada House, New York City, during the fall of 1959.

The annual meeting of the Fisheries Council of Canada will take place this year in Vancouver, B.C., from April 25 to 27 and a record attendance of members of the fishing industry from coast to coast is expected. As in previous years, representatives of the Department of Trade and Commerce will be present and will participate in the panel discussions on the marketing of Canadian fisheries products throughout the world. ●

Better methods of curing groundfish for export are constantly sought. Here in the experimental plant maintained by the Federal Department of Fisheries at Valleyfield, Newfoundland, a rack of freshly split fish is lowered for curing into a tank of constant-strength brine. If the new method proves feasible, it will cut down the time needed for curing fish.



The UN Special Fund Offers Business Opportunities

Forty-four projects in 50 countries at a total cost of $75 million—this is the program undertaken by the UN Special Fund. Outlay on each averages almost $1.7 million. Canadian engineering firms may find a market for their equipment or services as these projects get under way.

R. A. FRIGON,
Chief, Engineering and Equipment Division.

WHAT is the UN Special Fund? It is an international agency set up to complement and supplement existing United Nations technical and financial aid programs. Donor countries have pledged $58 million to the Fund for 1959 and 1960; Canada is contributing $4 million.

The Fund provides grants for more extensive projects than the technical assistance programs undertake. It will concentrate on urgent projects with an immediate impact. Unlike the agencies already giving financial assistance, it will not contribute funds to capital investment projects but instead will emphasize those that will lead to new capital investment.

To accomplish its objectives, the Special Fund will stress surveys, research, training and demonstration (including pilot projects). These activities will be carried out by providing staff, experts, equipment, supplies and services, as well as by establishing institutes and demonstration plants and by other appropriate means, including fellowships. The Fund will be in a position to supply equipment on a larger scale than has been possible under the technical assistance programs.

Discovering Opportunities

What types of opportunities await firms eager to take part in this international activity that Canada supports? How do interested businessmen come into contact with these projects?

From the selection of projects shown at the end of this article, it is apparent that they will call for a good number of experts and substantial quantities of materials. Some of the men will be needed to implement teams organized by the responsible agencies. Experienced firms of consultants and survey companies will undoubtedly be needed if the urgent and practical nature of the program is to be implemented. Such firms have available large inventories of experience and can put it rapidly to work. In addition to these teams, various types of equipment will be required for surveys and for feasibility studies or for the implementation of pilot schemes. Later on, the capital projects that are expected to follow the work undertaken under the Special Fund will also provide opportunities.

Contact with the Special Fund and its projects can be made in various ways, because several agencies are involved in any one project. Interested persons within easy reach of Ottawa should address initial inquiries for general information to the Engineering and Equipment Division of the Department of Trade and Commerce. If they plan a visit to New York, they can secure introductions to United Nations officials through the Deputy Consul General (Commercial) in New York. Inquiries or offers of equipment or services for specific projects should be addressed to the responsible United Nations body acting as executing agency. It may be any of the United Nations specialized agencies, such as the Food and Agricultural Organization, the International Bank or the Special Fund itself, if it is the designated agency. Those in search of business may also find it necessary to communicate with the sponsoring government. Canadian Trade Commissioners located in the countries concerned and in the headquarters cities of the United Nations agencies (such as Rome, Washington and New York) are always ready to initiate the necessary inquiries and to make introductions on behalf of interested Canadian firms.

Canadian firms will find in the Special Fund projects a challenge to their special abilities. Canada's development is at the stage that many newer nations now are planning for. Our engineers, managers, economists, sociologists, professors, administrators, consultants and businessmen understand the many problems that confront new nations. Our survey firms, consultants, manufacturers and construction organizations can contribute teams of men and equipment experienced in resources development at all stages—preliminary surveys, industrial feasibility studies, initial management, construction services, and supply of equipment. Many such teams are already active abroad, contributing not only to the well-being of the developing countries but also acquiring the further experience that comes only from challenging and difficult tasks. The Special Fund and its projects stand beckoning to those who would venture afield.

Selected UN Special Fund Projects

Afghanistan

Project: Survey of land and water resources and agricultural station.

Financial provision: $1.9 million.

Duration: Three years.

Purpose: To provide information on the comparative potentials of various parts of the country with a view to stimulating agricultural and general economic development, and to provide the Kataghan Province with new cultivation techniques, while training agricultural extension workers for other parts of the country.

Executing agency: The Food and Agriculture Organization of the United Nations.

Requirements: Experts, fellowships and equipment.

Brazil

Project: Survey of the Sao Francisco River Basin.

Financial provision: $1.9 million.

Duration: Five years.

Purpose: To determine the physical and economic feasibility of introducing large-scale irrigation in the lower-middle reaches of the Sao Francisco River Basin.

Executing agency: The Food and Agriculture Organization of the United Nations.

Requirements: Surveys, experts and survey equipment.

Chile

Project: Mineral survey.

Financial provision: $1.7 million.

Duration: Two-and-one-half years.

Purpose: To provide geological and mineral information on selected areas of the northern part of Chile, in sufficient detail to attract development capital.

Executing agency: The United Nations.

Requirements: Surveys, experts, equipment.

India

Project: Power Engineering Research Institute.

Financial provision: $4.7 million.

Duration: Three years.

Purpose: To establish facilities for investigation of and research into problems arising from the development and use of power resources in India, and to develop through applied research suitable types and designs of domestic equipment.

Executing agency: United Nations Educational, Scientific and Cultural Organization.

Requirements: Experts, fellowships, equipment.

Pakistan

Project: Mineral survey.

Financial provision: $1.9 million.

Duration: Three years.

Purpose: To investigate and assess coal and iron ore bodies in West Pakistan to determine the feasibility of an iron and steel industry in the country, and also to assess the exploitability of certain aluminum ore bodies.

Executing agency: The United Nations.

Requirements: Experts, equipment, drilling.

Pakistan

Project: Soil survey.

Financial provision: $2.7 million.

Duration: Four years.

Purpose: To assess the various soil resources of the country, through aerial photography and field soil sampling. This survey will help the Government in its planning of irrigation and reclamation projects, soil conservation and afforestation, and of land settlement schemes.

Executing agency: Food and Agriculture Organization.

Requirements: Experts, surveys, fellowships, equipment.

United Kingdom, The West Indies

Project: Engineering faculty for the University College of The West Indies.

Financial provision: $3.4 million.

Duration: Five years.

Purpose: To assist in the establishment of a faculty of engineering in the University College of The West Indies.

Executing agency: United Nations Educational, Scientific and Cultural Organization.

Requirements: Experts and equipment.

United Kingdom, Nigeria

Project: Survey of a multi-purpose dam site on the Niger River.

Financial provision: $1.4 million.

Duration: One year.

Purpose: Geological and topographic investigations of a dam site on the River Niger and topographical, agronomical and biological investigations into the irrigation potential of the Niger Valley between Kurwasa and Lokoja.

Executing agency: International Bank for Reconstruction and Development.

Requirements: Experts and surveys. ●

Hong Kong Seeks Edible Offal

An island of three million people that looks abroad for most of its food supplies offers a small but promising market for Canadian suppliers of edible offal.

D. J. McEACHRAN, *Assistant Trade Commissioner, Hong Kong.*

IN recent months the Canadian Trade Commissioner in Hong Kong has received many inquiries from Hong Kong businessmen for sources of a product that Canada can supply at competitive prices—edible pork offal. Canadians have, in fact, sold increasing amounts of this product —particularly frozen pork stomachs and livers—in the past few months. Hong Kong must support some three million people in the tiny space of only 391 square miles, a fact that points up the importance to the Colony of imported foodstuffs, valued at roughly $233 million in 1958 out of total imports of about $765 million.

China Is Leading Supplier

During the first nine months of 1958, Canada was the fourth major supplier of meat offal to Hong Kong, after Communist China, the United States and Australia. Hong Kong borders on Communist China and it is not surprising that pork and pork products imported from that country virtually dominate the local market. China is the leading supplier of fresh, frozen and chilled pork; live swine; ham; dried salt pork and edible offal. Offal shipments from China do not reach Hong Kong regularly, so that large and spasmodic arrivals tend to disrupt prices for this product on the Hong Kong market. All importers are aware of this and place only small orders with other overseas suppliers. In addition, cold storage space in Hong Kong is expensive and buyers are constantly on the alert to avoid being caught with large stocks on hand when large and lower-priced shipments arrive from China.

Also responsible for the pattern of small overseas orders from Hong Kong are the numerous small trading firms that vie for business in food products. There are, of course, several large houses that either operate their own retail establishments or are well connected with major consumers, but most of the importing companies operate on a much smaller scale. Many engage salesmen to sell directly to restaurants, retail stores, side-street stalls and door-to-door hawkers.

In view of these difficult trading conditions, why are Hong Kong buyers interested in supplies from countries other than Communist China? There are several reasons, including price, quality and availability, but the most interesting to Canadians is that local importers wish to establish overseas connections to ensure sources of supply if shipments from China decline or stop altogether for short periods.

Accurate average prices for offal are difficult to determine; China's irregular shipments and the tendency of local importers to speculate cause wide variations in day-to-day market prices. Recent Canadian sales are believed to have been concluded at about U.S.$0.18—U.S.$ 0.20 per pound c.i.f. Hong Kong for frozen pork bellies, and U.S.$0.20 —U.S.$0.24 for pork livers.

SOURCES OF OFFAL IMPORTS INTO HONG KONG

Jan.-Sept. 1959

	('000 pounds)	('000 H.K.$)
China	6,994	8,387
United States	3,876	3,763
Australia	323	543
Canada	358	480
Denmark	384	346
Netherlands	113	111
Others	122	136
TOTAL	12,170	13,766

As the accompanying table shows, Canadian exporters of offal face strong competition from the two biggest suppliers—China and the United States. China has the dominant competitive advantage because of its geographical proximity, and because Hong Kong consumers prefer the fresh, smaller and supposedly more tender Chinese offal. Probably the most important advantage, however, is that the Chinese hold stocks in Hong Kong and are thus able to adjust prices to meet the day-to-day competition from other overseas suppliers.

Canadians Can Compete

The Chinese hold on the market does not preclude other suppliers from selling to Hong Kong, as U.S. sales indicate. The major advantages of United States vis-à-vis Canadian exporters are mainly freight costs and frequencies of sailings. None the less, Canadian suppliers can and do compete successfully.

Canadian sales of edible offal to Hong Kong totalled $4,176 in 1955, $2,166 in 1956, $53,105 in 1957 and $109,331 in 1959; there were no shipments in 1958. The figures cover Canadian exports of edible beef, pork and mutton offal and show the small and widely fluctuating market in Hong Kong. It is estimated that virtually all these sales were of pork offal and included bellies, livers and fat. The increased shipments during 1959 are an indication of the worthwhile sales possibilities, and the Trade Commissioner in Hong Kong will be pleased to assist Canadian exporters in making suitable connections. •

In the sunny patio of a Mexico City hotel, A. C. Bornemisa, export manager for Canadian Canners Ltd., (right) talks business with a well known commission sales agent. Like many other Canadians, Mr. Bornemisa preaches and practises the gospel of personal visits to foreign markets.

THE EXPORTER LOOKS AT THE AGENT

O. MARY HILL, *Editor, "Foreign Trade."*

IN January the Export Study Club of Montreal organized an evening meeting to discuss marketing in Latin America and the West Indies. The moderator and the two main members of the panel were experienced export managers who have travelled widely in the Caribbean and South America. The audience—who had plenty of opportunity to ask questions or to put forward their views—also contributed to the interest and value of the discussion.

I attended this meeting and was struck by the emphasis on the relations between the exporter and his commission sales agents in these countries. The information that I gathered on this important aspect of exporting is presented in question-and-answer form on the following pages. The reader should bear in mind that it applies primarily to two areas only, though much of the advice given holds good in other markets.

SELECTING AGENTS

What is the first essential in choosing an agent?

One export manager answered this question in three words: "Do it yourself". Obviously, this means personal visits to the countries in which your firm wishes to sell. Prepare for your trip carefully and write the Canadian Trade Commissioners in the area well before your arrival. Tell them the purpose of your visit and something about your products. They can then line up prospective agents for you to interview. This saves time.

Can the Trade Commissioner select an agent for you?

Yes, said the panel, he can, but he should not be asked to do it. The man responsible for the company's export sales should make the choice, except in small or remote markets or under unusual circumstances. In Fiji, for example, a Canadian company recently made a one-year trial agreement with an agent whom the Trade Commissioner recommended.

Are there any tested methods of selection?

A number of techniques have worked well for various firms. One, ask the prospective agent: "How would you go about selling my product if I gave you the agency?" —and listen carefully to his answer. Two, find out whether he can draw up a list of prospective customers. Three, visit some possible buyers with him and note how he is received and how he presents your products.

What points should be checked?

Be sure to check the agent's financial standing; the banks will supply useful information. Inquire about his proven sales ability. Find out what other Canadian or U.S. firms he represents. Does he handle allied lines? This assures him an entrée as your representative. Does he sell any competing products? What about his local reputation? Is he prepared to spend money to develop sales?

How important are the agent's connections?

Obviously, the agent should have access to potential customers and his connections help. But their importance varies from country to country in Latin America and even from city to city. One example that the panel cited: Medellin, in Colombia, where connections are more vital than in Bogotá. Often it is sufficient that he have a sound business reputation, though in some regions it is useful to be well connected in the family sense. Entrée alone is not enough; it must go hand-in-hand with ability.

Is a large agency a better choice than a small one?

One member of the panel phrased the question like this: do you want a large firm with experience, or a small, hungry and active one. A suitable small firm is more difficult to find and the exporter is taking a bigger chance, but the staff may work harder to make a name for themselves. The large agency offers prestige, but it may have too many irons in the fire. Note: you may have to sell yourself to the bigger firm before it will take on your product. Make sure it has time to devote to your line.

Is it wise to appoint a non-national of the country as your agent?

In Latin America a number of Europeans—particularly Germans, Swiss and Italians—have set up as commission sales agents. In some of these countries, they may do well as agents, because Europeans who have settled in Latin America now control much of the industry. The decision will depend on your product and on the country. Investigate the standing and connections of these non-nationals carefully. Remember in dealing with them that their reactions and attitudes are still European.

How soon should the exporter make a choice?

Opinions differed on this. Some felt that the exporter should select an agent on the spot; others counselled that he wait until he has moved on to his next stopping-place and has sorted out his impressions. This has the disadvantage that he cannot train the man selected. One export manager remarked that on a first trip the exporter should not operate on too tight a schedule. He should stay in a country long enough to get all the information he needs to make the right selection. Choosing in haste may mean regretting at leisure.

Is a trial period useful?

Many firms approve the practice of giving the agent non-exclusive rights for one year, on the understanding that satisfactory performance will mean an exclusive contract. A letter of agreement is usually sufficient for the trial period. Help the agent as much as possible during this initial year.

Should one agency cover two countries?

Most firms find this undesirable, even when trading connections between the two are close or a bilateral trade agreement is in force. The branch offices may not be as efficient as the head office and there may be a prejudice in the second country against non-nationals.

What about contracts?

Firm agency agreements should be covered by a contract. Be sure to specify that the contract is subject to the laws of Canada. It should contain a cancellation

82364-1—3

The outdoor markets in Mexico City, built on modern lines, attract sightseers and serious buyers. Note the flower display.

clause to save possible complications in the future. If you do not intend to use the agency's branch offices, make this clear in the contract.

TRAINING AGENTS

One of the speakers on the panel pointed out that the export manager's relationship with agents somewhat resembles the sales manager's with the domestic sales force. But, he added, there are important differences. The agent is not an employee of the firm and he gets paid only when he makes a sale. In dealing with agents the export manager faces the handicaps of distance, of differences in language, business customs, and possibly modes of thought. None the less, there are many ways of making his scattered sales force more efficient and productive. The agent represents the company in his area and is the spokesman for it during the 95 to 99 per cent of the year when no one from head office is with him. Time spent in training and encouraging him pays.

What kind of training should the exporter provide?

He should make certain that the agent has a thorough knowledge of the product—how it is made, what it will do, how it should be handled, how it compares with competitive products. "All too many agents," one speaker commented, "try to handle a line with only the vaguest notion of what they are doing, trying to bluff their way through." The agent should also know something about the company he represents.

How can this training be provided?

Primarily, at first hand and on the spot. An important reason for personal visits to export markets is the opportunity for training agents and their staff yourself. Take the agent with you when you call on potential customers. Let him try the sales approach, watch the impression he makes, coach him when you spot weak points. Persuade him to come and see the company's plant in Canada, watch the manufacturing process, and meet the staff at head office. Some companies consider this so important that they contribute part of his travel costs or perhaps pay his expenses while he is in Canada.

What sales aids should the company provide?

The answer varies with the product, but the agent should have in his hands material that will help him in replying to customers' questions. Before he begins to sell he should have data sheets, f.a.s. and c.i.f. price schedules, samples and sales literature in the appropriate language. (Highly technical literature, the experts say, can be supplied in English, which is rapidly becoming *the* technical language.) A system of manuals, handbooks, or other reference material, kept up-to-date, is most useful. Illustrations have a double value in foreign countries and any sales material should have as many as possible. One caution about providing material in Spanish—have it translated in the country where it will be used. Spanish in Mexico, for example, differs from the Spanish in Argentina. It is also useful to have the text read over by someone familiar with the particular trade.

What is the best way to keep in touch with the agent between visits?

The secret is simple: pay prompt attention to his letters. "Nothing weakens the relationship with an agent faster than poor handling of correspondence," said an export manager. He went on to advise replying in kind, answering cable with cable, for instance. Better still, answer letter with cable. Reply to all letters at once, even when you cannot furnish immediately all the information the agent asks for. Bulletins and circular letters at intervals help to keep him abreast of latest company news and developments. "Correspondence," said one speaker, "is the lifeblood of an export business."

Should the exporter make regular visits to his agents?

The feeling about this was "absolutely essential." Said one panellist: "If we are to get into export and stay there, we have got to get out from behind our desks and into the field. You should always have in mind a rough schedule of visits to see your various agents on a more or less regular basis. Be prepared to break the schedule and trouble-shoot if business requires it."

How should visits be timed?

A visit should be made at the best time of year in that area, avoiding national or seasonal holidays if possible. Make sure that you won't land in on an agent when he is away or busy with a number of other visitors. And don't stay too long or too short a time; this takes judgment, because the average Latin American or West Indian won't tell you when you are wearing out your welcome.

Are there other ways to keep an agent on his toes?

One method is to maintain at head office a complete record of transactions with each agent and check it regularly to see whether he is slipping. It is useful to evaluate his ability and his performance from time to time. A program of advertising support, worked out and perhaps paid for jointly, has value. The agent will tend to push the products of the company that co-operates with him most fully. Make sure that he looks after your small as well as large accounts.

SOLVING PROBLEMS

Even careful selection and training doesn't guarantee that no problems will arise. The panel singled out a few of the more common ones.

Should commission rates be adjusted from time to time?

The exporter should keep a sharp eye on the rates of commission that agents for his main competitors receive. He may then wish to review the rates that his firm is offering. He should consider whether he is paying the agent enough for the service he expects.

These Canadian-made fire trucks found their way to Ibague, Colombia, thanks to the co-ordinated sales efforts of the Canadian producer and his carefully selected Colombian agent.

Should an exclusive agent receive a commission on sales that the company makes through an export house?

This question was debated at some length. The consensus was that the agent should be given an over-riding 1 or 2 per cent commission on such sales, partly because he may eventually be called on to service the account.

How much freedom should the agent have in making decisions?

Most export managers believe that the agent should not be any more free to make decisions than a company salesman here in Canada, despite his distance from head office. He should not be allowed much latitude in pricing, except in special circumstances and under well-defined conditions. He should never take the responsibility of granting credit; the company should make the decision after the agent has supplied necessary information.

Should the exporter always accept the agent's views on the market?

It is often wise to confirm the agent's views with an independent source, especially when he appears to be excessively optimistic or pessimistic. The Trade Commissioner can be consulted or perhaps a local banker.

If the agent begins to slip, what can be done?

First, investigate why his sales are falling off. Is the commission too low to provide incentive? Does he handle too many lines? Is he not pushing your product? Has he enough staff?

Then have a frank talk with him. If he is getting old, suggest that he take on a younger man to handle your product; perhaps you yourself can suggest a candidate. One Canadian company has found this approach works. When the older man retires, the younger one takes over.

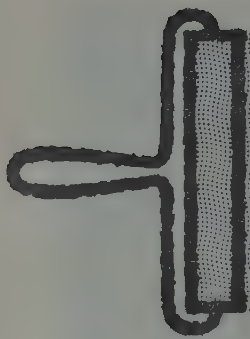
Should all contact with customers be left to the agent?

The answer to this was an emphatic "no". On his regular visits, the export manager should call on the customers with the agent. This continuous direct contact becomes vital if the agent gives up the account.

Is it possible to change agents?

This depends upon the contract that you made with the agent and whether it contains a clear-cut cancellation clause. Most contracts permit cancellation after 30 to 90 days' notice. Cancellation may prove more difficult in the Dominican Republic. ●

82364-1—3½



Paints and Varnishes

The Market in Israel

Israel imports no finished paints and varnishes except for special finishes not made locally. Small market for Canadian raw materials if they can compete with U.S. products.

P. V. McLANE, *Commercial Counsellor, Athens.*

PAINTS, varnishes, lacquers, asphalt products, pigments and printing inks for home and industry are produced in Israel, partly from local and partly from imported materials. An export market has been developed with Turkey, Greece, Italy, Argentina and other countries. Plastic paints based on rubber emulsion, polyvinyl acetate emulsion and alkyd resins have been introduced. About 90 per cent of total paint production for building and industry comes from six large factories, and up to a dozen smaller plants account for the remainder. Total output is about 4,500 tons a year, though productive capacity is much larger. The following are the products and finishes made:

Quick-drying synthetic paints for industrial and architectural purposes, including metal and woodwork

Car-finish primer, synthetic and cellulose putty, special qualities for leather dyeing and leather cloth

High-gloss stove enamel, refrigerator enamel

Heatproof and weatherproof metallic paint for metal surfaces (aluminum paint)

Rust-preventing primer for all kinds of metal; wood primer and various zinc chromate and red-lead-based primers for industrial purposes

Anti-corrosion paint, anti-fouling and boat-topping paint for underwater services; all kinds of ships' paints (funnel, deck, cabin, enamel, etc.)

Silkscreen finishes (textile printing)

Furniture finishes

Lacquers and special effect lacquers (wrinkle-finish, etc.)

Alkali and acid-resisting paints for indoor and outdoor purposes (based on epoxy resins, vinyl derivatives, chlorinated rubber, etc.)

Gold and silver varnishes (tinprinting, undercoating, etc.)

Glossy finish for rubber products

Plastic paints (polyvinyl acetate emulsion, rubber emulsion)

Various: aircraft dopes, insulating varnishes, asphalt and bitumen finishes, dryers, paint removers, thinners, fillers, flat alkyd paints, road-marking and traffic paints, printing inks, colours, etc.

Pigments: colours, zinc and chrome-based

Aniline dyestuffs

Artists' oil colours and water colours, picture varnishes, graphic colours and varnishes, waterproof drawing inks, flexographic inks for paper, kraft, metallic folio and cellulose film.

Raw Materials Imported

Annual domestic requirements, based on the years 1957 and 1958, have been estimated at 5,000 tons of paints, varnishes, inks and related products. Imports of raw materials totalled 5,873 tons* during 1958, including the products in the accompanying table, and exports of various colours and lacquers reached 318 tons.

Israel was recently accepted as a provisional member of GATT. For the time being, however, she has a single-column tariff, applicable to imports from all sources. Paints, varnishes and associated products and materials bear a maximum customs duty of 70 per cent ad valorem, plus a 10 per cent pur-

RAW MATERIAL IMPORTS, 1958

	Quantity (tons)	Value (I£)†
Chrome pigments	35.9	39,366
Iron oxide pigments	122	41,483
Prussian blue	9.6	19,692
Henna	5.3	5,549
Linseed oil varnish	10.2	7,644
Tall oil	30	11,475
Colour materials, colours, lacquers, etc.	180	381,492
Aluminum paste (except prepared paints)	36	54,024
Minium (red lead)	304	128,968
Pigments, other, n.e.s.	795	729,882
Carbon black (except black aniline dyes)	1,626	650,995
Colouring substances, dried, other, n.e.s.	221	361,144
Food colours	6.3	38,193
Enamel powder	1,030	564,970

MAIN SUPPLIERS OF RAW MATERIALS, 1958

West Germany	I£940,723
United States	936,151
Netherlands	935,435
United Kingdom	891,124
Switzerland	631,884

*This high figure probably includes imports for other industries, such as carbon black for the rubber tire industry and pigments for inks.

†1.8 Israeli pounds equal one U.S. dollar. (official)

chase tax on c.i.f. prices. Detailed tariff information may be obtained from the Department of Trade and Commerce.

Sales Opportunities Slight

In line with Israeli policy of protecting local industry and, at the same time, of conserving foreign exchange, imports of finished paints and varnishes are not permitted. Exceptions are made, however, for small quantities of special finishes not yet made in Israel. On the other hand, large quantities of various raw materials and ingredients used in the paint industry are imported from a number of sources on a letter-of-credit basis. Consignment stocks are rarely permitted. In theory, imports of industrial raw materials are completely liberalized on a global basis. In practice, however, licences are granted in accordance with Israel's economic and political commitments and the availability of free foreign exchange.

With an adverse trade balance of almost three to one, Israel is still heavily dependent on outside financial assistance. Imports in many cases are tied in with the sources of such assistance. These include war reparations from West Germany, aid and loans from the United States, and government-guaranteed industrial credits from France. At least two of the larger paint factories in Israel were established in recent years with U.S. capital; no doubt they have some arrangement to buy U.S. raw materials. In addition, Israel has concluded bilateral clearing agreements with several European countries that provide outlets for many of its slower moving industrial products in exchange for imports from these countries.

Under prevailing conditions in Israel, imports of prepared paints and varnishes, of Canadian or other manufacture, are out of the question. There are opportunities, however, for the sale of special finishes not produced in Israel and for the various raw materials used in the paint industry, including chrome and other pigments, Prussian blue and tall oil. Canadian suppliers who believe they can compete with U.S. exporters of these materials should write to the Commercial Counsellor at the Canadian Embassy in Athens. He can put them in touch with local agents for following up sales opportunities on the Israeli market. ●

The Market in Turkey

Domestic output is increasing and competition from European sources is keen. Canada has not yet entered this market.

P. V. McLANE, *Commercial Counsellor, Athens.*

THE local paint and varnish industry has developed considerably in recent years, thanks to easier and more regular supplies of raw materials. There are up to 60 paint factories in Istanbul and Izmir, although not more than ten are important producers. The largest are Durmus Yasar of Izmir (producing "Sadolin" Scandinavian paints under licence), Cavusoglu of Istanbul, and the Istanbul plant of Marshall Chemicals and Oil Co., United States.

According to official sources, the local industry's over-all capacity in 1957 (latest available) was:

Oil paints	3,932 tons
Varnishes	6,880 "
Cellulose paints	360 "
Paint powders	4,873 "
Linseed oil	1,174 "

It is reported that actual output still falls well below these figures but is increasing steadily.

As will be seen from the tariff items quoted below, the import duty on varnishes is comparatively low

Tariff No. 32.09—Prepared paints and varnishes (including liquefied pigments), prepared colours.

	Duty
(a) Varnishes	
32.09.11—Synthetic and cellulose varnishes	5 per cent ad valorem
32.09.12—Cellulose and chloro-rubber varnishes	5 per cent ad valorem
32.09.19—Other varnishes	5 per cent ad valorem
32.09.22—(Only) Coloured varnishes and those containing bronze or aluminum	5 per cent ad valorem
(b) Prepared Varnishes (Gloss) Paints	
32.09.21—Synthetic and cellulose paints in containers of:	
up to 1 kilo	15 per cent ad valorem
up to 5 kilos	15 per cent ad valorem
5 kilos and more	14 per cent ad valorem
32.09.29—Others in containers of:	
up to 1 kilo	15 per cent ad valorem
up to 5 kilos	15 per cent ad valorem
5 kilos and more	14 per cent ad valorem
(c) Other Paints	
32.09.31—Colours dissolved in oils or liquids	30 per cent ad valorem
32.09.39—Others	
Non-varnish industrial mineral-oil paints in containers of 5 kilos and over	25 per cent ad valorem
Others	30 per cent ad valorem

but it is somewhat higher on paints. Turkey has a single-column customs tariff and the rates of duty apply equally to imports from all countries.

Imports Analyzed

Imports of paints and varnishes during 1958 were as follows:

	Quantity (in kilos)	Value (Turkish liras)
Synthetic and cellulose varnishes	25,129	73,492
Cellulose and chloro-rubber varnishes	38,501	141,201
Other varnishes	109,527	346,608
Synthetic and cellulose paints	299,462	910,606
Varnishes, coloured and containing bronze and aluminum	7,614	27,115
Others (paints)	277,713	656,803
Others (colours dissolved in oil or liquids)	10,321	21,386
Others	71,608	167,520

Following the receipt of generous international financial assistance in mid-1958 and the revision of exchange rates, there has been a progressive easing of import trade restrictions. Since September 1958, global quotas for paints and varnishes have been established as follows:

Official trade figures for 1959 are not yet available and it is not known whether Turkey's paints and varnish imports have varied much from those shown above for 1958. To date, Turkey has not bought any from Canada.

Import Regulations

Applications for import licences must be made to the Central Bank of Turkey and be accompanied by pro-forma invoices and/or a firm offer from the foreign supplier, as well as a deposit of 10 per cent of the Turkish lira countervalue of the application in cash. No application may be made in respect of more than 15 per cent of the quota for the item concerned. On the granting of the import licence, the initial 10 per cent deposit must be increased to 100 per cent—within one month in the case of importers and within two months in the case of manufacturer-importers. The relevant letter of credit must be opened during this period. Import licences are normally valid for six months.

Canadian Opportunities

The Turkish market for paints and varnishes is a relatively small one and demand is largely confined to cellulose-based products. The past pattern of imports indicates that Italy and Hungary are the main established suppliers, with Germany, Britain, and a few other European countries supplying smaller quantities. Canadian manufacturers would have to compete with cheaper prices and quicker deliveries normally offered by European exporters. Canadian firms that wish to test the competitiveness of their paints and varnishes on the Turkish market are advised to write to the Commercial Counsellor at the Canadian Embassy in Athens, Greece. He will be pleased to assist them in contacting prospective customers through the medium of experienced agents in Turkey.

GLOBAL QUOTAS FOR PAINTS AND VARNISHES

Items	Amount
Quota No. 1—announced September 23, 1958	
32.09.11—*only* cellulose varnishes 12—cellulose and chloro-rubber varnishes 19—other varnishes 21—*only* cellulose paints 22—coloured, bronze and aluminum varnishes 29—other varnishes (gloss) paints	$100,000
Quota No. 2—announced February 17, 1959	
32.09.11—*only* cellulose varnishes 12—cellulose and chloro-rubber varnishes 19—other varnishes (excluding insulating varnishes) 21—*only* cellulose paints 29—other paints	$1.25 million granted globally for these and aniline, etc., dyestuffs.
Quota No. 3—announced August 3, 1959	
32.09.11—*only* cellulose varnishes 12—cellulose and chloro-rubber varnishes 21—*only* cellulose paints 29—*only* arsenical paints	$2 million granted globally for these and aniline, etc., dyestuffs.
Quota No. 4—announced February 16, 1960	
32.09.11—*only* cellulose varnishes .21—*only* cellulose paints	$200,000 granted globally.

Thais Import Knowhow

Foreign aid programs from the U.S. and under the Colombo Plan from Canada have awakened the desire for industrialization in Thailand. A greater flow of foreign capital is expected to enter that country and the Thais fully realize that they must rely on foreign engineering and skills to undertake industrial development on a large scale.

With the future availability of cheap power from the Yanhee dam, there are good prospects for Canadian engineering firms obtaining contracts for engineering services and for capital goods. Extensive highway plans are under way and an engineering firm offering good financial terms would stand a good chance.

As far as general Canadian products are concerned, the Thai market continues to be very price-conscious. For example, in recent government tenders the successful bidders have almost invariably been those with the lowest offers. Although a better product is offered than the specifications provide for and the price is therefore higher, tenders are not carefully checked with this in mind and should be submitted exactly according to specifications so that higher prices will not lose contracts.

The role of personal contacts in creating interest for Canadian goods and services in Asian markets cannot be overstressed. Canadian businessmen and executives of consulting engineering companies would do well to have a look at the possibilities offered by the Thailand market over the next few years.

A postwar success story . . .

ITALY

Out of the ruins of war, the Italians have built a new and vibrant industrial complex at a rate surpassed in Europe only by West Germany. How was it accomplished? Where will it lead?

J. G. IRELAND, *Assistant Commercial Secretary, Rome.*

ITALY emerged from the war with industry almost completely disrupted. But since 1945 she has boosted industrial output by about 7 per cent a year—the fastest recovery, except for West Germany, of any country in Europe.

In most sectors of Italian industry, 1938 production levels were regained by the end of 1948. The average general index of industrial output during the first ten months of 1959 reached 233 (1938=100 and 1948=102). Production statistics are not available for the war years but it is estimated that in 1945, total industrial output was lower than at any time since World War I.

Reconstruction, 1945-48

Italian industry emerged slowly from the great depression of 1929-32 and suffered from the economic sanctions advocated by the League of Nations in 1935 and the resulting national policy of self-sufficiency. The problems facing industry in 1945 were not only those of war destruction and conversion from wartime manufacturing, but also those of renewing antiquated equipment and re-establishing trade channels. The fact that Italy must import most of its industrial raw materials also presented difficulties during this era of shortages and high prices of raw materials, and dearth of merchant shipping.

Most of the early postwar credits granted under UNRRA and other relief and aid programs were needed to buy foodstuffs, though certain sums were available to purchase industrial supplies and to assist industry. These amounts were hardly sufficient for large-scale renewal of antiquated equipment. They did permit the import of much-needed raw materials, the purchase from the Allies of war-surplus materials, and limited foreign purchases of equipment, particularly for the heavy engineering and electric-power industries.

Plant Renewal, 1949-52

By 1952, total Italian industrial output had surpassed the 1938 volume by 50 per cent and the renewal of outmoded equipment was well under way. During this period, $U.S.1.3 billion was allocated to Italy under the European Recovery Program (between April 1948 and December 1951). Some 20 per cent of this was used to buy machinery and industrial equipment from dollar countries, particularly for the electric power, steel and engineering industries. ERP loans were granted to finance only part of a project and therefore this period was one of intensive capital investment. Other capital was acquired through loans from the Export-Import Bank totalling over $100 million, and from a credit of £50 million held by the United Kingdom. The Eximbank loan was used to buy raw materials from the United States, and the sterling credit for the purchase of machinery and ships from the sterling area.

In 1958, Italy returned to an unrationed distribution of power, regularized the flow of supplies of raw materials and stabilized the lira on international markets. In late 1951 it almost completely liberalized imports from OEEC countries and by mid-1952 extended this liberalization to a few products from the dollar area. In subsequent steps, restrictions and licensing requirements were lifted for additional imports from dollar countries, though many Canadian exports such as wheat, grains, oilseeds, aluminum, many chemicals, and machinery remain subject to Italian controls. (See *Foreign Trade,* Trade and Tariff Regulations, August 29, 1959, and February 27, 1960.)

During the period 1949-52 Italian industry, for the first time in almost two decades, was able to demonstrate that it would be playing an increasingly important rôle in determining patterns of European and world trade in the coming years.

Recent Accomplishments

Italian industry entered 1960 with a flourish. In 1959, total electric-power generating capacity was three times greater than in 1938. In iron and steel, 1959 output

totalled over 8.75 million metric tons compared with 3.18 million in 1938. The Italian mechanical industry has about doubled production over prewar; an outstanding example is automotive output which rose from 71,000 units in 1938 to over 450,000 in 1959. Production of ships, typewriters, calculating machines and farm machinery also increased. The chemical and petroleum-refinery industries have chalked up big gains in the past 20 years. The recent discovery of natural gas in northern Italy and of oil in Sicily has contributed to industrial progress in a country that must import most of its coal and oil. In 1958, natural gas output of 5.2 billion cubic metres supplied over 12 per cent of energy requirements. Domestic output of crude oil during 1958 provided Italian oil refineries with about 5½ per cent of their needs.

With the rapid expansion of industry since the war have come modernization programs and adoption of the most up-to-date techniques of production. Proof of the excellence of Italian design and workmanship is the substantial success of Italian products in world markets. These products include motorcars, scooters, office machinery, sewing machines, textile products, precision tools, and heavy machinery and equipment such as transmission towers.

One of the factors underlying Italy's remarkable expansion is its ability to attract foreign capital. Restrictive practices of the prewar period, plus wartime damage and disruption, have created many investment opportunities, and the Italian Government has offered incentives to stimulate investment by both domestic and foreign suppliers of capital. Today Italy is a net importer of capital and the most important supplying countries are the United States, Switzerland, West Germany and the United Kingdom. Another boost to industry is the Government's declared policy—in accordance with obligations assumed under the IMF and GATT—of freeing Italian foreign trade from government restrictions and moving toward complete convertibility of the lira. To help them along the road to expansion, Italian industrialists also enjoy the advantage of an over-supply of good cheap labour.

Effect of Common Market

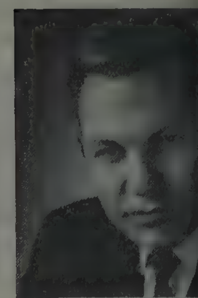
Italy is an ardent supporter of and stands to benefit a good deal from the European Common Market. Italian per capita income is one of the lowest in Europe and there is a huge, steadily increasing domestic market for many products of industry as the standard of living rises. Certain sectors of Italian industry are, however, still composed of a large number of relatively small and inefficient firms that have grown up under restrictive government policies. The Common Market probably will bring about mergers among these small firms and spark a further movement toward business rationalization.

Some Public Ownership

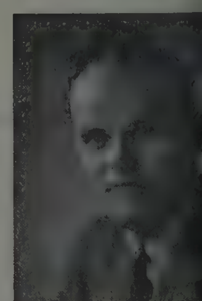
Italian industry is an amalgam of private and government-controlled enterprises. Some of the more important government-controlled ones are pig iron (government-controlled firms produce more than 80 per cent of total national output), crude steel (50 per cent), mechanical manufacturing industries (35 per cent), electric power industry (25 per cent), and merchant shipping (13 per cent). Private industry comprises a few large, wealthy firms and many medium and small-sized ones.

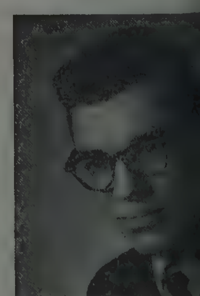
With the Government breaking away from prewar protectionist policies and operating its industries along fully competitive lines, competition is keen between public and private enterprise. This competition, plus hard work and Italian knowhow, are helping to keep rapidly expanding Italian industry healthy. ●


J. R. Caux


G. L. Gagné


S. G. Harris


K. O. Hillyer


D. A. Hilton

Assistant Trade Commissioners Posted

leven new Assistant Trade Commissioners began their pre-posting tour of anada on April 3. Travelling from the East Coast, they will complete their inerary in Vancouver on June 15.


R. F. Turcotte

REAL CAUX was born in St. Flavien, Lotbinière, Quebec. e received a B.A. degree from Laval University in 1953, M.A. (Literature and History) in 1955, and an M.A. in plitical Science in 1959. Mr. Caux has been posted to The ague, Netherlands, as Assistant Commercial Secretary.

ILLES L. GAGNÉ was born in St. Quentin, New Brunswick. e received a B.A. from St. Louis University in 1955, and an .A. (Economics) from the University of Ottawa in 1957. Mr. agne has been posted to Mexico City as Assistant Commercial cretary.

'DNEY G. HARRIS was born in Nakina, Ontario, and aduated from the University of Toronto with a B.A.Sc. in 54 and an M.A.Sc. in 1955. In 1958 he received a Ph.D. Metallurgy) from the University of Birmingham. Dr. Harris s been posted to London, England, as Assistant Commercial cretary.

EITH O. HILLYER was born in La Paz, Bolivia. He obtained B.A.Sc. (Aeronautical Engineering) degree from the Unirsity of Toronto in 1956, and an M.Comm. (Business Adnistration) in 1959. Mr. Hillyer has been posted to Singapore Assistant Trade Commissioner.

AVID A. HILTON was born in Calgary, Alberta, and aduated from the University of Alberta in 1955 with a Comm. degree. In 1959 he received an LL.B. from Dalusie University. Mr. Hilton has been posted to Chicago, nois, as Vice Consul and Assistant Trade Commissioner.

'ON C. JAURON was born in Grand'Mère, Quebec, and aduated from the University of Montreal with an M.A. (Economics) degree in 1957. He received the Diploma of the Institut d'Études Politiques, Paris, in 1959. Mr. Jauron has been posted to Rome, Italy, as Assistant Commercial Secretary.

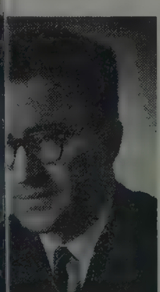
MALCOLM ROWAN was born in Huddersfield, England, and graduated from Queen's University in 1959 with a B.A. (Politics and Economics) degree. Mr. Rowan has been posted to Rio de Janeiro, Brazil, as Assistant Commercial Secretary.

J. LOUIS P. DE SALABERRY was born in Ottawa, Ontario. He graduated from the University of Ottawa in 1957 with the degree of B.A. (Political Science). Mr. de Salaberry has been posted to New Orleans, Louisiana, as Vice Consul and Assistant Trade Commissioner.

IAN R. SMYTH was born in Cornwall, Ontario. He graduated from the University of British Columbia in 1959 with a B.A. degree and Honours in Political Science. Mr. Smyth has been posted to Melbourne, Australia, as Assistant Commercial Secretary.

KENNETH D. TAYLOR was born in Calgary, Alberta. He received a B.A. degree from the University of Toronto in 1957 and an M.B.A. from the University of California in 1959. Mr. Taylor has been posted to Guatemala City as Assistant Trade Commissioner.

RICHARD F. TURCOTTE was born in Montreal, Quebec, and graduated from McGill University in 1959 with a B.A. (Political Science and Economics) degree. Mr. Turcotte has been posted to Hamburg, Germany, as Vice Consul.


.C. Jauron


M. Rowan


J. L. P. de Salaberry


I. R. Smyth


K. D. Taylor

Commodity Notes

Basic Chemicals

INDIA—Representatives of Bayer's of West Germany were expected to visit India in January to conclude an agreement with the Government for production of basic chemicals and intermediates. Almost all the intermediate chemicals for the manufacture of drugs and pharmaceuticals are to be made at a new government factory at Apta Kharpada in Bombay State. Capital investment in the project is placed at Can.$24 million. The plant will turn out basic chemicals worth about Can.$18 million a year—Bombay.

Bottle Tops

PERU—A U.S. $800,000 plant for making bottle crowns or tops is nearing completion in Lima. The plant is owned by Crown Cork del Peru, a subsidiary of Crown Cork International of the United States. It will turn out tops for beer and soft-drink bottles and also decorative trays; the tinplate and raw cork will be imported. Three companies in Peru make metal bottle tops and supply about 45 to 50 per cent of the local market. Crown Cork del Peru expects to capture the remainder and thus eliminate imports. Peru currently buys abroad about $600,000 worth of bottle tops a year—Lima.

Cement

CEYLON—Work has started on a second cement factory at Puttalam which will cost $7.6 million and will produce 125,000 tons a year. Extension to the first plant at Kanhesonturai will increase its production from 80,000 to 100,000 tons. These developments include the setting up of a raw-meal drying and grinding plant, a second kiln, improvement of docking facilities, and the provision of new stores, laboratories and workshops. As a direct result of the establishment of a cement factory at Puttalam, the Ceylon Government Railway is now making arrangements to re-open the railway line to Puttalam—Colombo.

Communications Equipment

INDIA—The Marconi Wireless Telegraph Co. has announced an agreement with the Indian Ministry of Defence for the manufacture in India, under licence, of Marconi VHF multi-channel radio terminals and repeaters and ancillary equipment. This equipment is designed to carry up to 48 telephone channels, any one of which may be subdivided to give either 18 or 24 telegraph channels. Marconi will supply all necessary technical assistance—Bombay.

Electric Power

PERU—A contract has been negotiated between the National Economic Development Fund, a Peruvian Government entity, and French interests for the installation of a new power station on the Amazon River at the port of Iquitos. The project will reportedly involve an investment of over U.S.$850,000. The gas-turbine power station is scheduled for completion late in 1961 and will have an initial capacity of 1,500 kw.

While this development is going on, a mission composed of seven Japanese experts in hydro-electric power plants is surveying the possibilities of electric power development in several sections of Peru. This is generally believed to be a forerunner of possible Japanese investment in hydro power—Lima.

Oil

TURKEY—The main building contract for a new oil refinery at Izmit, near Istanbul, has been awarded to the United States firm M. W. Kellogg Company, a subsidiary of Pullman Inc. Construction is expected to start almost immediately and be completed within two years.

Owned and operated by Turkish and U.S. principals, (Turkish Petroleum Corporation 51 per cent and California Texas Oil Corporation 49 per cent), the $25.65 million plant will have an annual refining capacity of one million metric tons, processing 20,800 barrels of crude per day. It will include a crude distillation unit, naphtha unifiner, platformer, distillate hydrotreater and fluid catalytic cracker—Athens.

Oilseeds

FRANCE—Floor and ceiling prices for French oilseeds, of which rapeseed is by far the most important, are established every year. The market is left free,

however, and growers are assured of complementary payment from the Mutual Guarantee Fund if their selling price falls below the minimum.

In a recent decree the French Government authorized this payment where prices for the 1959 crop have been below a specified minimum, which for rapeseed is 76.85 NF ($15.00) per quintal (220.4 pounds) ex-country warehouse. According to the trade, this should mean a supplementary payment of 2.20 NF (43 cents) per quintal, compared with only .50 NF (9 cents) for the 1958 crop—Paris.

Paints and Varnishes

ITALY—One of Italy's leading industrial organizations in the mining and chemical fields, Montecatini, has begun to build a group of factories for making paints, varnishes and enamels. About 74 acres in the Province of Milan have been set aside and it is hoped that production will begin before the end of 1960.

Montecatini intends later to make products obtained from hydrocarbon derivates for the textile, leather and paper industries. An up-to-date research laboratory to study varnish products will also form part of the group of plants.

It is estimated that Italy consumes about 150,000 tons of paints and allied products each year. When the new factories are in full production, Montecatini will be able to supply about half the domestic demand—Rome.

Steel

SPAIN—The Spanish steel company, Altos Hornos de Vizcaya, Bilbao, has received loans from three West German firms, including Krupp, totalling some 500 million pesetas. The money will be used to build modern plants for the production of steel by the LD process. Two "blind" convertors will be put up in Sestao, with an annual production capacity of 360,000 tons, and a DM7 million oxygen factory will be built. The new installations, plus the three plants at Baracaldo, Sestao and Sagunto, will bring the firm's steel production capacity up to 1.2 million tons by 1964. The total cost of the project is calculated at about 1,200 million pesetas—Madrid.

Sulphur

INDIA—On the basis of a report submitted by the Indian Bureau of Mines, the Central Government has decided to undertake the manufacture of sulphur from pyrites available at Amjor in Bihar State. The present annual consumption of sulphur in India is 100,000 tons, all of which is imported—Bombay.

Synthetic Diamonds

SOUTH AFRICA—The De Beers Company recently announced the successful manufacture of synthetic diamonds in its research laboratories. The diamonds are small and suitable only for abrasive grit, not for other industrial uses or gem stones. No decision has been made about whether to embark on large-scale commercial manufacturing, but it is said to be technically and economically possible—Johannesburg.

Synthetic Rubber

ARGENTINA—A second synthetic rubber plant is to be built in Argentina by the Fish International Company of the United States at an estimated cost of $60 million. The factory will be northwest of Buenos Aires on the Parana River and will depend for its raw material on the northern Argentine oil and gas fields. The first synthetic rubber plant, announced some time ago, will be established by the Texas Butadiene Co. in Puerto Deseado, Patagonia. It will depend for prime materials on the southern oil and gas fields—Buenos Aires.

Tea

CEYLON—In 1959 Ceylon harvested another record tea crop of more than 413 million pounds, equalling the former record set in 1958. It is reported that the state-subsidized scheme for fertilization of tea estates, particularly those of smallholders, has been the prime stimulus for this record production—Colombo.

Tobacco

CEYLON—The recent rains during the northeast monsoon have been very favourable for the growers of cigarette tobacco. Over 5,000 acres have now been planted and it is reported that all the plots are in excellent condition. Tobacco growing is now the main agricultural interest of the cultivators in some of the up-country districts, who prefer it to the traditional vegetable growing and paddy cultivation because of the higher cash return and prompt payment by buyers —Colombo.

Tours of Territory

J. H. BAILEY, Commercial Secretary in Bogotá, Colombia, will visit Quito and Guayaquil in Ecuador from May 30-June 4.

C. G. BULLIS, Assistant Trade Commissioner in Kingston, Jamaica, will visit Nassau, Bahamas, from April 24-30.

L. D. R. DYKE, Assistant Commercial Secretary in Athens, Greece, will visit Cyprus from April 19-23 and Israel from April 24-30. Cyprus has recently been transferred from the territory of the office in Cairo to Athens.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Bailey at Bogotá, Mr. Bullis at Kingston and Mr. Dyke at Athens.

Advertising Abroad

In Austria, newspapers reach the greatest number of its seven million people; they are read eagerly and regularly in every coffee-house in the country.

H. K. ROTT, *Office of the Commercial Counsellor, Vienna.*

ALL advertising media known and used in Canada today are at the disposal of businessmen in Austria. Canadian exporters may therefore wish to boost their products through advertising in this small but growing market—particularly now that Austria has further liberalized imports from dollar countries.

Austrian businessmen have been slow in making use of advertising. In 1959, for instance, annual expenditure on all types totalled the equivalent of $30 million—about $4.30 per head of population compared with Canada's $15. At present there are only five advertising agencies in Austria providing all the services expected of similar firms in Canada; there are 350 space brokers and about 120 independent advertising consultants. The relative lack of interest in advertising has been due to two things: the somewhat conservative character of Austrian businessmen, most of whom have been in business for years and consequently feel that they and their products are known, and the fact that for many years after the war Austria was strictly a seller's market. This made intensive advertising seem superfluous to many firms. Stiffening competition resulting from a return to normal market conditions, plus European economic integration, leads Austrian advertising executives to expect a considerable upsurge in demand for their services.

Newspapers Most Important

By far the most important medium, in terms of actual outlays and almost certainly in terms of coverage, is the newspaper. It is estimated that in 1959 about 45 per cent of advertising expenditures went to the press. Austrians are avid newspaper readers; most of them, at least the city dwellers, subscribe to one or two newspapers, or buy them daily at newsstands. In Vienna, people sit in coffee-houses for hours poring over the newspapers and magazines provided by the management. As a result, newspaper publishing is big business—Austria has 173 daily and weekly newspapers, plus 2,071 periodicals and specialized trade journals, for a population of seven million.

The papers are smaller than in Canada, both in format and number of pages. Total circulation figures are, however, impressive: more than two million newspapers are sold each Sunday and slightly fewer on weekdays. Assuming that a paper is read by two or three people before it is discarded, each Austrian adult

ADVERTISING IN THE AUSTRIAN PRESS

Name of paper	Sunday Circulation	Cost of full-page ad*
In Vienna:		
Kurier	256,000	$1,065 (2 editions)
Das Kleine Volksblatt	194,000	300
Arbeiterzeitung	187,000	630
Neues Oesterreich	185,000	615
Express	170,000	910 (2 editions)
Die Presse	65,000	680
In Upper Austria:		
Ob. Oesterr. Nachrichten	59,000	490
In Salzburg:		
Salzburger Nachrichten	62,000	400
In Tirol:		
Tiroler Zeitung	44,000	425
In Styria:		
Kleine Zeitung	93,000	215
Neue Post	62,000	370
Südost Tagespost	56,000	370
In Carinthia:		
Die Neue Zeit	26,000	225
Volkszeitung	25,000	225

*To the prices quoted, a 10 per cent advertising tax must be added.

reads at least one newspaper a day. Because of the large number of papers, the circulation of each is smaller than that of some of the important papers in Canada. This is shown in the accompanying table that lists the most widely read Austrian newspapers, with Sunday circulation figures and the approximate price of full-page ads. (Most ads cover only a quarter-page or less and are therefore cheaper.)

Only the Vienna newspapers, and possibly the *Salzburger Nachrichten*, have readers all over Austria; the other papers are decidedly local but can often be used to advertise specialized products such as agricultural implements. It is not easy even for the Austrian to make the most effective choice of newspapers in which to advertise. Most papers have close political ties and are not read by people with different political affiliations even if they belong to the same income groups. Austrian firms usually solve this difficulty by placing identical ads in a number of party-bound papers which, of course, adds to the cost. Some independent papers tend to address specific social strata or income groups. With these variables to contend with, Canadians should seek expert advice in order to make the best use of Austria's most important advertising medium.

Newspaper ads usually consist of drawings and text, and the text is at times lengthy; the purpose of the drawings is often only to direct attention to it. Copy, in order to be effective, must be written in idiomatic Austrian German. It would be a mistake for Canadian companies to use the same German text for advertisements in West Germany and Austria. The alterations would be minor, but Austrian advertising men feel that failure to make them will rob ads of a good deal of their effectiveness in Austria.

Photogravure, which does not reproduce well in newspapers, is a must in the five magazine-type illustrated papers published every week. These illustrated papers are, however, of minor importance as an advertising medium; their circulation is relatively small and most Austrians, instead of buying them, scan them free in the coffee-houses.

Billboards, Posters

The second most important medium is billboard advertising, used primarily to promote the sale of brand-name goods. According to Austrian estimates, almost 20 per cent of advertising budgets were spent on billboard advertising last year. In 404 cities and towns there are 8,160 poster sites and about 2,600 in Vienna alone. Space is rented in Vienna by a company owned by the city, at $5.50 a week or $8.80 a month for 100 small-sized posters (about 2′ x 3′).

The Austrian Federal Railways, government-owned bus lines and city streetcars also rent space for poster advertising. Coverage is quite good because the first two carry an average of 150 million and 58 million passengers a year. It is impossible to estimate the number of people that see advertisements in streetcars, but it is certain to be high. The Municipal Transportation Company of Vienna operates 3,430 streetcars, and smaller cities in Austria run an additional 1,500. The public transit systems are the most important means of city transportation.

Posters are usually simple, with modest text and splashy colours. The municipally-owned space-rental company in Vienna is trying to improve the standard of advertising by selecting and displaying at prominent sites the best "posters of the month".

Films, TV

Cinema advertising ranks third in Austria and takes about 10 per cent of advertising expenditures. Most of the 1,080 movie theatres show slides (with or without sound texts) and short advertising filmstrips as part of their regular program. The former are used primarily by retailers; the latter by companies selling brand-name products. Although slides are often viewed by cinema-goers with a certain amount of impatience, good and imaginative filmstrips frequently evoke real interest. People grow restless only if these last longer than four or five minutes and the advertiser's message becomes too obvious. The production of filmstrips is expensive, but charges for screening range from only three to eight cents per foot of film a week in any cinema.

Radio and TV advertising is possible but for a number of reasons has not made much progress. Coverage might potentially be good because there are 1.9 million radios and 140,000 TV sets registered in Austria, and probably even more in operation. Television was started in 1955 and is now making considerable headway. Because of its novelty it creates much interest and is watched, according to conservative estimates, by about half-a-million people daily. Austrians are, however, not great radio listeners.

Both radio and television are administered by the state-owned Austrian Broadcasting Corporation and there are no private stations. Spot announcements and sponsored programs are being offered, but the Austrian Broadcasting Corporation is reluctant to allow commercial advertising to assume as prominent a role as in North America. Moreover, audiences who sit more or less willingly through a 15-minute advertising program in movie theatres do not take too kindly to advertising on radio or TV. Rates are rather high: a single 15-second spot on TV costs at least $400. Advertisers who do not make much use of television feel nevertheless that TV advertising will play a fairly important role in the years to come.

Direct-Mail Promotion

Direct mail advertising is used a good deal but it is rather expensive because folders, circulars and envelope stuffers have to be multicoloured to receive much attention. Two enterprises in Austria provide material for all purposes, arranged

according to occupation and, to some extent, income groups. Direct-mail advertising is often used effectively to introduce new products. Large stores also pay considerable attention to point-of-sale advertising, and the sale of certain cheap brand-name articles is promoted by occasional giveaways. Neon signs are used profusely in the main shopping streets.

Consult an Agency

Canadian companies interested in advertising in Austria should work closely with their agents, who know the peculiarities of the market and the services offered by local advertising agencies. All of the latter have international connections and appear able to handle an entire advertising program. The services of advertising agencies normally include market research and the planning and execution of advertising, including design and development of slogans. Agencies are best able to decide where and when the promotion will do the most good. As part of their regular service they undertake to test the effectiveness of advertising, sometimes in co-operation with two Austrian companies that use Gallup Poll-type methods of research. Charges of advertising companies consist of actual expenses plus a 15 per cent fee based on the total advertising budget. If discounts are granted (say, by the companies controlling poster sites) these are credited to the customer.

Canadian companies that wish to find a market for their products in Austria and are interested in further information on advertising facilities are invited to write to the Commercial Counsellor for Canada in Vienna. ●

Colombia Buys Wheat and Flour

Guaranteed quantities of wheat and flour are to be sought annually under open tender. Government plans for more domestic production may offer opportunities for our farm-machinery exporters.

J. H. BAILEY, *Commercial Secretary, Bogotá.*

THE demand for wheat and flour products in Colombia is steadily increasing. At present this demand is being met from three sources: imports of United States surplus products under a Colombia-U.S. PL 480 agreement, increased domestic production, and imports by the official purchasing agency, Instituto Nacional de Abastecimientos (INA), under open tender. The following table shows the increase in total wheat consumption over the past few years, projected demand for several years ahead, and deliveries made by Canada and the United States since the crop year beginning July 1, 1954.

Crop Year	Total Consumption	Delivered by Can.	Delivered by U.S.
	(in metric tons)		
1954-55	200,000	83,000	25,800
1955-56	217,000		66,700
1956-57	225,000		90,700
1957-58	275,000	5,000	106,700
1958-59	307,000		87,500
1959-60	323,000		
1960-61	332,000		
1961-62	341,000		

Immediately following the first United States surplus disposal agreement with Colombia signed in 1955, Canada's share of the market fell sharply. For the next few years, however, the prospects of increasing Canadian sales appear much brighter. Under the new PL 480 agreement signed in October 1959 Colombia will import between 260,000 and 300,000 metric tons of United States wheat annually but will also be obliged to purchase an additional 62,500 tons of wheat products through regular commercial channels. Of this latter amount, at least 10 per cent will be imported through open tenders in the form of ordinary flour and granular flour. There are thus opportunities for Canadian exporters to re-enter this market but it will be necessary for them to compete with U.S. suppliers who have the advantage of lower freight rates from Gulf ports.

The results of bidding on the first open tender for 10,000 tons of Dark Hard Winter or Manitoba Northern wheat issued under the new agreement in December were as follows (prices in U.S. dollars per metric ton):

Suppliers	f.a.s.	Freight	c. & f.
Winning U.S. bid	$69.53	$13.35	$82.88
Lowest Can. bid	$73.50	$23.37	$96.87

It appears that if Canadian exporters are going to make sales in this market they will have to work on extremely narrow margins, as this particular tender was awarded on the basis of f.a.s. prices. In other cases where freight is to be taken into account by the Awards Committee, Canadian suppliers will have to negotiate especially low charter rates for the shipment of their wheat. Although Colombians appreciate the extra quality of Canadian wheat and the government importing agency will make some allowance for this, it is not normally

sufficiently important to overcome a large price differential.

Colombian imports of flour from 1954 to 1958 were as follows:

IMPORTS OF REGULAR FLOUR

Year	Total Imports	Delivered by Canada	Delivered by U.S.
	(in metric tons)		
1954	13,630	7,650	5,960
1955	7,680	3,810	3,870
1956	1,800	70	1,730
1957	6,750	40	6,710
1958	12,860	2,820	10,040

GRANULAR FLOUR

Year	Total Imports	Delivered by Canada	Delivered by U.S.
	(in metric tons)		
1954	11,230	10,210	990
1955	9,970	8,850	1,110
1956	10,040	7,650	2,320
1957	5,260	3,350	1,910
1958	4,340	760	3,580

Canadian sales of regular flour to this country have been limited by PL 480 sales (there has been a continued preference, as the figures indicate, for Canadian granular flour) during the past few years but the door has now been opened wider for Canadian suppliers of both types of flour. Under the new agreement, Colombia will be obliged to import at least 6,250 tons of flour a year through commercial channels. To date INA has not issued any open tenders under the new agreement. As an indication of prices being quoted in this market by American suppliers, however, it was noted that under a PL 480 tender in August 1959 the winning bid was U.S.\$88.16 per metric ton for 3,000 tons of flour with a protein minimum of 13.5 per cent, an ash maximum of 0.46 per cent, a maximum humidity of 14 per cent and produced 100 per cent from Hard Spring wheat.

In addition to competition from U.S. suppliers, Canadian wheat and flour exporters are also faced with long-term competition from increased domestic production. Although local millers have indicated that Canadian and U.S. wheat and wheat products will always be required for blending purposes and foreign granular flour will be widely used in the alimentary paste industry, the effect of the Government's efforts to increase domestic wheat production should not be overlooked. One of the most vital factors in promoting this increase is the support price of \$131.64 per metric ton (approximately \$3.58 per bushel) offered growers by the Instituto Nacional de Asbastecimientos. During the last crop year, Colombia produced approximately 130,000 tons of wheat and this amount is expected to increase about 10 per cent during the next few years to approximately 140,000 to 150,000 tons annually. Thus the country will be producing between 40 to 45 per cent of its total estimated annual requirements of 323,000 to 341,000 tons. Colombian mills are currently producing 225,000 metric tons of flour a year, or about 94 per cent of requirements.

The system of wheat cultivation in Colombia differs from region to region and ranges from hand labour in the mountainous regions to completely mechanized operations on the plateaus. The general tendency, as a result of technical assistance granted by the Department of Agriculture and credit assistance extended by the Caja de Crédito Agrario, is to introduce more mechanical equipment in all wheat-growing sections. In some areas the difference in farming methods is striking; one can see the harvesting in one field being done with 40 to 50 labourers using hand tools whereas next door the latest model of Canadian threshing machine will be at work. With the extremely low labour costs in this area, each landowner considers carefully the economic advantages of investment in machinery. It would appear, however, that if Colombia is to increase her domestic production of wheat she will need considerable quantities of farm machinery. Canadian exporters already represented in the area should find opportunities to increase their sales. ●

Italy Exports Cars

THE Italian automotive industry has expanded at a phenomenal rate since the end of World War II and this dynamic expansion is expected to continue. In 1958, 403,500 automobiles and commercial vehicles were turned out; in 1959, this rose an estimated 24 per cent. The Italian Association of Automobile Manufacturers forecast that total production last year would reach about 470,000 automobiles and 30,000 commercial vehicles.

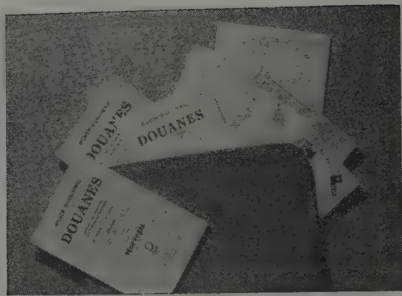
One factor in the persistent demand is the domestic market. Italians have been buying cars steadily in the post-war years and will undoubtedly continue to do so as their standard of living rises in coming years. It is estimated that Italy has one car for approximately every 30 people, compared with one for each eight or nine persons in Britain or France and one for each 2½ persons in the United States.

The success of Italian cars in the export market has played a big part in the rise in production. Exports of motor vehicles have expanded steadily—from about 15,000 units in 1948 to almost 170,000 in 1958 and to 173,700 in the first ten months of 1959. (This latter figure includes some 165,000 cars with engine cylinder capacity of 1.5 litres or less.) West Germany and the United States have become by far the most important markets for Italian automobiles, but sizable sales are also being made to most other Western European countries and to markets around the world. In 1958 exports of motor vehicles accounted for more than 25 per cent of total sales abroad made by the Italian engineering industry and for some 42 per cent of total automotive production.

According to official Italian statistics, the first Italian automobiles to be shipped to Canada since the war were dispatched in 1957—four small cars.

In the next year, 1,888 automobiles with engine capacity of 1.5 litres or less and worth \$1.58 million went to Canada and in the first ten months of 1959, 2,924 valued at \$1.88 million.

—J. G. IRELAND,
Assistant Commercial Secretary, Rome.



Trade and Tariff Regulations

Ghana

IMPORT CONTROLS RELAXED—Effective March 19, 1960, the Government of Ghana has liberalized controls on imports from the dollar area of all goods except arms, ammunition, explosives, gold, cinematographic films, petroleum products, and manufactured and unmanufactured tobacco. All goods from Canada, except the few specified above, may now enter Ghana without import trade control licences.

New Zealand

1960 IMPORT PROGRAM EXTENDED—*In* Foreign Trade *of March 25 we published an extract from a telegram received from our Commercial Secretary in Wellington regarding the recent relaxation of import restrictions in New Zealand. The details of this relaxation are given in the following report from the Commercial Secretary.*

When the import schedule for 1960 was announced last fall (see *Foreign Trade* of November 21) the Minister of Customs promised that its provisions would be enlarged early in the new year if New Zealand's trading position would support further trade liberalization. This promise was carried out on March 10 with the announcement of a significant increase in almost 200 quotas, and of new token quotas for 47 categories of products previously prohibited under the original schedule of imports. Another 30 commodities may now be imported in any quantity desired, although they are still subject to licensing. Significantly, discrimination against the dollar area on lumber has been dropped, leaving only motor vehicle imports subject to possible discrimination by origin.

This welcome step towards freer trade was made possible by the great improvement in New Zealand's trading position in 1959; for the first year since 1953, a substantial surplus ($100 million) was recorded in the current balance of payments. This was achieved by a 10 per cent increase in the value of exports compared with 1958, and by reducing the value of imports by over 15 per cent. The net foreign exchange holdings of the banking system at the year's end had risen to $230 million, despite overseas debt repayments of $30 million. This was a vast improvement on the figure at the end of 1958 which stood at approximately $150 million after net borrowing during the year of about $120 million.

"Replacement" Licensing Extended—A 1960 innovation in the New Zealand exchange control system was the introduction of "replacement" licences which allow importers to bring in goods to a total value of 150 per cent of the value of licences granted to them in 1959. The 109 commodity groups originally placed under this system have been increased to 161; among the products now affected are:

- Drugs and chemicals for manufacturers
- Scientific instruments
- Furs and skins
- Pianos
- Emery cloth and paper
- Plastic materials
- Electric motors
- Vehicle lamps
- Traction engines and tractors
- Hand tools

Basic Quotas Enlarged—The largest group of products, numbering about 90, listed in the new import schedule consists of those for which stated quotas have been increased by amounts ranging from 10 to 100 per cent. These include:

	*Per cent**
Canned fish	40
Sheets, towels and diapers made from piecegoods	33⅓
Clocks	25
Spirits	30
Fishing tackle	10
Sporting requisites	33⅓
Wallpaper	10
Ammunition	33⅓
Firearms, sporting	50
Steel office furniture	100
Machinery, metalworking	100
Hardware	40
Handles, wooden for tools	15
Veneers	25

*The figures shown represent increases in the 1960 quotas, expressed as a percentage of the value of 1959 licences issued for these products.

There are also 50 tariff items for which additional foreign exchange will be made available, although no specific quotas have been published. These include:

- Cattle leather
- Wood pulp for papermaking
- Agricultural machinery and implements
- Dairy machinery
- Factory machinery of various kinds
- Aluminum foil

Token Licensing Widened—The token import scheme introduced this year is extended from the previous 93 items to 140. In most cases this provides licences worth 10 per cent of the value of the applicant's imports made in his own name during 1956. Few of these will be of any real importance to Canadian firms because many of the products are not produced for export in Canada, and also because the scheme, by its nature, favours products and brands imported in the base year 1956. Of possible interest are work gloves, knitted wear, bathing suits and some other apparel; building board; motor lawnmowers; and roofing material, except bitumen laminated kraft paper which is under another quota.

Unlimited Quotas for Some Products—Some 31 additional products will henceforth be free of quantitative control, although still subject to licensing. Under this heading come soya beans, pure silk and lisle hosiery, upholsterers' materials, miners' safety lamps, bookbinders' materials, detonators, and various other special products.

Discrimination against goods from the dollar area, insofar as it existed in practice last year, has now been completely eliminated except for motor vehicles. An importer can use his licences to purchase anywhere in the world and foreign exchange is automatically made available to him regardless of the country of origin of his imports.

Canadian exports to New Zealand have benefited substantially from the progressive trade liberalization of the past nine months. Although the total figure for 1959 was some 10 per cent lower than our exports in the previous year, this drop reflected mainly shipments during the first nine months. From September onwards our exports began to recover, and were substantially higher in November and December than they had been during the last two months of 1958, even exceeding the comparable 1957 figures. Exports to New Zealand in January of this year were $1,514,229 compared with $462,921 in January 1959. There is good reason to hope, therefore, that 1960 will be a good year for Canadian trade here.

—J. H. STONE,
Commercial Secretary, Wellington.

Further details regarding licensing treatment accorded to specific commodities under the revised 1960 licensing schedule may be obtained on request from the International Trade Relations Branch.

Sierra Leone

TARIFF ON NEWSPRINT—Effective December 3, 1959, newsprint entering Sierra Leone from countries not entitled to preferential treatment bears an import duty of £1-0-0 per ton. Newsprint from countries entitled to preferential treatment (mainly in the Commonwealth), including Canada, will continue to be admitted free of duty. From April 9 to December 3, 1959, newsprint from all countries entered Sierra Leone free of duty.

Turkey

FOURTH QUOTA IMPORTS ANNOUNCED—Additional information on the fourth quota imports which Turkey announced on February 16 (see *Foreign Trade*, March 13, 1960, page 40) reports that the announcement of the fourth quota imports includes detailed lists of the goods which may be imported freely without licence, and of those which may be imported by manufacturers, assembly plants, etc., against the production of a certificate of need from the appropriate authority. These lists include all the items freed since August 1959 and many important additions. It is officially estimated that some 50 per cent of Turkey's requirements from abroad are now free from restrictive measures.

Import licences for freed commodities will be issued by the Central Bank of Turkey on demand and will be valid for a period of six months from the date of issue. "Automatic" import licences will be issued by the Central Bank on production of the relevant certificate of need from the competent authority; these certificates are valid for three months only. Licences will be valid for six months from the date of issue.

Freed imports for which licences will now be granted on demand include:

Cattle for breeding; various seeds; yeast; shellac; lubricating oils and greases; technical sulphuric acid; a wide range of industrial and pharmaceutical chemicals; DDT; textile dyestuffs; X-ray films and plates; anti-freeze; hydraulic brake, etc., oil; vehicle tires and tubes; newspapers and periodicals; nylon fishnet yarns; hessian cloth and bags; umbrella fittings; iron and steel bands; refractory bricks and tiles; pig iron; tinplate; foundry moulds and crucibles; special steels; sewing needles; tin and various other non-ferrous metals; virtually all kinds of spare parts and accessories for motor vehicles; radio receivers; machine tools; industrial machinery; boilers; lifts, etc.; packing machinery; cranes, hoists, excavators, bulldozers and other road-building, handling, etc., plant; diving suits; ball and roller bearings; gears and other transmission parts; fire-fighting, spraying and similar appliances; X-ray and radiology appliances; locomotives; wagonettes; tractor-drawn ploughs, harrows, etc.; spectacle lenses; electricity, gas- and taxi meters; fishhooks; gramophone record moulds; thermometers and barometers.

Allocations for imports against the fourth global import quota include:

Lanolin and acid oils, $125,000; cinema film, $100,000; V-belts, rubber gloves and various other rubber manufactures, $495,000; shoemakers' thread, $60,000; sanitary fixtures, $100,000; hand tools,

machine tool knives, etc., $615,000; chemical fertilizers, $2 million; printing, etc., inks, $100,000; photographic papers, $100,000; ceramic tiles, $50,000; iron and steel tanks, drums, nails, ships' chains, etc., $335,000; industrial furnaces, burners, etc., $150,000; machinery and plant for the canning industry, $100,000; paper-working machinery, $50,000; industrial sewing, leather and metal-working machinery, $400,000; office machinery, $600,000; underground and underwater cables, $200,000; motorcycles and bicycles, $100,000; industrial machinery for replacement purposes, $2 million.

United States

ESCAPE CLAUSE INVESTIGATION INTO IMPORTS OF CAST-IRON FITTINGS—Upon application of the Cast-Iron Soil Pipe Foundation and others, received February 23, 1960, the United States Tariff Commission, on the 7th day of March 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether cast-iron fittings for cast-iron soil pipe, classifiable under paragraph 327 of the Tariff Act of 1930, are, as a result in whole or in part of the duty or other customs treatment reflecting concessions granted thereon under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

A public hearing in connection with this investigation will begin at 10 a.m., e.d.s.t., on May 31, 1960, in the Hearing Room, Tariff Commission Building, Eighth and E Streets N.W., Washington, D.C. Persons desiring to be heard should write the Secretary of the Commission at least five days in advance of the date set for the hearing.

Cast-iron soil pipe fittings are currently dutiable under U.S. tariff paragraph 327 at 10 per cent ad valorem.

P. G. Jones

E. G. Gerridzen

Commodity Officers to London

TWO OFFICERS of the Commodities Branch of the Department of Trade and Commerce will leave for London this month for a six-week tour of duty. Their assignment: to look into the opportunities for selling Canadian products in their fields—or, to put it more succinctly, to discover what the British want and the best ways to win customers.

The two Commodity Officers selected handle products that are already making headway in a largely unrestricted British market. P. G. JONES covers toys, musical instruments, sporting goods and marine supplies. He will leave for London on April 19 and will make his headquarters at Canada House, but he will also visit other centers, including Manchester, Leeds, Birmingham and Glasgow.

E. G. GERRIDZEN, Commodity Officer for textile products, will go to Britain ten days after his colleague, on April 29. He too will work out of Canada House, London, and will make contacts in various other cities. He will push sales of Canadian-made women's wear—already winning customers in Britain—and of allied textile lines.

This sales-promotion tour is, in the judgment of the Department, particularly well timed. It follows the widespread relaxation of British controls on imports of dollar goods that has sparked new interest in the U.K. market and brought many trade inquiries to the office of the Canadian Minister (Commercial) in London. It also takes place just after the Daily Mail Ideal Home Exhibition, held at Olympia, London, from March 1-26 and in which some 100 Canadian firms displayed their products. Mr. Jones and Mr. Gerridzen will follow up leads from both these sources.

Mr. Jones joined the staff of the Department in 1945, bringing with him extensive experience, particularly in the sporting goods industry. Mr. Gerridzen came to Ottawa in 1947; he has a wide knowledge of the textile business.

Department of Trade and Commerce, Trade and Commerce Bldg., Wellington St.*

Head Office Directory

	Gov. Local
Minister: The Honourable Gordon Churchill	2-0337, 2,0336
Private Secretary and Executive Assistant: Mrs. Rita Cook	2-0337, 2-0336
Deputy Minister: James A. Roberts	2-2888, 2-5838
Executive Assistant: A. G. Kniewasser	2-2380
Economic Adviser: O. J. Firestone	2-4176
Legal Adviser: Miss E. I. MacDonald	6-7068
H. B. Scully	6-8539
Assistant Deputy Minister (Trade Promotion): H. Leslie Brown	2-2530, 2-0798
Assistant Deputy Minister (Trade Policy): J. H. Warren	2-4042, 2-2649

Administration Branch

Comptroller-Secretary: Finlay Sim	2-2262
Administrative Assistant: Miss M. L. E. Jones	6-7411
Financial Assistant: S. B. Kayes	2-4312

Personnel Division

Chief Personnel Officer: L. J. Rodger	2-5430

Office Services Division

Chief: C. Drolet	6-6672

Agriculture and Fisheries Branch

Director: G. R. Paterson	2-4301
Assistant Director: R. W. Blake	6-7634
Assistant to the Director: A. R. A. Gherson	6-7036

Fisheries Division

Chief: T. R. Kinsella	6-7385
J. M. Bellemare	6-7385

Food and Agriculture Division

Acting Chief: K. L. Melvin	2-3172
Livestock, Animal Products: K. L. Melvin	2-3172
J. Kaffezakis	2-3172
Plant Products: A. J. Stanton	6-7523
J. B. Mountain	2-0914
B. E. Husband	6-6350
Furs, Non-Alcoholic Beverages: D. H. Burns	2-4161

Grain Division

Chief: R. M. Esdale	2-5830, 2-5648
Co-ordinator Markets Development: W. F. Hillhouse	6-7036, 2-5830
H. E. Ryan	2-5830, 2-5648

Unless otherwise noted, all offices of the Department are in this building. Cable address: COMAGENT, Ottawa. If you are telephoning from out of town, call the government switchboard, CEntral 2-8211, and ask for the local; if you are in Ottawa, dial 9, then the government local.

Canadian Government Exhibition Commission 479 Bank Street

	Gov. Local
Director: Glen Bannerman	6-7412, 2-3558
Administrative Officer: A. D. Simmons	6-6795
Assistant to Administrative Officer: F. J. Bradley	6-7818
Chief, Design Section: T. C. Wood	2-3671
Assistant Chief, Design Section: G. E. Stranks	2-3682
Senior Project Officer: R. L. Greene	2-3524
Senior Project Officer: R. E. H. Ogilvie	2-4139
Production Officer: J. Rachlis	2-3524
Accountant: J. A. Cryderman	2-3776
Traffic Officer: Gordon May	6-7560
Purchasing Officer: G. Lajeunesse	6-6494

Colombo Plan Administration (see Economic and Technical Assistance Branch)

Commodities Branch

Director: Denis Harvey	2-5417
Assistant Director: E. C. Thorne	6-7163
A. M. Tedford	6-6519

Commodity Divisions

Chemicals Division

Acting Chief: G. E. McCormack	2-5993
Synthetic Resins, Rubber: G. E. McCormack	2-5993
Petroleum, Organic Chemicals: T. V. Harquail	6-7601
Pharmaceutical Products, Inorganic Chemicals: G. A. Ferguson	6-6075
Paints, Pesticides, Other Miscellaneous Chemicals: G. R. Gough	2-5177
Oils, Waxes and Polishes, Statistics: W. J. Curran	2-2905

Consumer Goods Division

Chief: D. G. W. Douglas	6-6197
Assistant Chief: A. C. Fairweather	6-7815
Beverages: A. C. Fairweather	6-7815
Business Equipment, Radio and Television, Scientific Instruments, Hospital Equipment, Tools: J. A. Findlay	6-6958
Consumer Durable Goods, Electrical Appliances: W. H. Grant	2-3209
Handicrafts, Chinaware, Jewellery, Photographic Equipment: R. A. Drouin	2-5337
Hardware, Heating and Plumbing: D. C. Meyers	6-6383
Ladies' Wearing Apparel, Linens: E. G. Gerridzen	2-5378
Leather, Rubber and Plastic Products: W. L. Herman	2-0518
Recreational Supplies, Musical Instruments, Toys: P. G. Jones	2-4160
Textile Fibres and Fabrics, Miscellaneous Men's Wearing Apparel, Jute Products, Wastes: R. M. Josephson	2-3004
Records, Statistics, Office Services: Miss M. E. O'Connor	6-8760

Engineering and Equipment Division

Chief: R. A. Frigon	2-4082
Assistant Chief: R. C. Wallace	2-5859
Consulting Engineering, Aerial Surveying, Nuclear Energy: R. A. Frigon	2-4082
Engineering Projects and Industrial Electric Equipment: R. C. Wallace	2-5859
Agricultural and Automotive Equipment, Vehicles, Aircraft, Ships, and Railway Rolling Stock: G. C. Clarke	2-3873
Communications and Electronic Equipment: D. L. Draper	6-6479
Machine Tools and Heavy Industrial Machinery: J. R. Johnson	6-7546
Construction Contracting and Process Plant: David Mott	2-5382

Forest Products Division

Chief: J. C. Dunn	2-0273
Assistant Chief: M. N. Murphy	6-6974
Logs, Round Materials and Lumber: J. C. Dunn	2-0273
O. Hickie	2-4863
Manufactured Wood Products: F. T. Carten	2-5811
Wood Pulp, Newsprint and Other Papers: M. N. Murphy	6-6974
Paper and Paper Products: E. J. Ward	2-5127

Commodities Branch (continued)

Gov. Local

Metals and Minerals Division

Chief: J. M. Rochon 6-8422
Assistant Chief: G. W. Rahm 2-5159
Iron and Steel: G. W. Rahm 2-5159
Non-Metallic Minerals: R. P. Mulvihill 2-5823
Non-Ferrous Metals: R. J. Hurley 2-3823
Statistics: W. L. Power 2-3823

Transportation and Trade Services Division

Chief: G. M. Schuthe 6-6236
Assistant Chief: H. A. Hadskis 2-2737
Transportation and Communications Section:
Head: 2-2737
International Controls: C. J. MacCallum 6-6905
Export and Import Permits Section:
G. L. Tighe 2-3640
Export Processing Officer: L. M. Lang 6-6976
Assistant Processing Officer: Miss M. T. Langille 6-6976
Import Processing Officer: R. T. Traversy 6-6991
General Information: G. Savard 6-6984
Directories Section:
R. W. Bedard 6-6681

Economic and Technical Assistance Branch

Director: O. E. Ault 6-8495
Acting Assistant Director: G. S. Hall 2-3612
Capital Projects Division
Chief: F. E. Pratt 6-8429
D. F. Alger 2-2003
Program Planning Division
Acting Chief: F. J. Lyle 2-0981
Capital: Euan Smith 2-0981
Technical: Geo. Harrower 2-3000
Training Division
Chief: J. T. Hobart 6-8662
Experts Division
Acting Chief: I. A. Hodson 2-5542
Finance and Administration Division
Chief: J. H. Marshall 2-2551

Economics Branch

Director: V. J. Macklin 2-5658
Assistant Director: D. J. Daly 6-8900
Assistant to the Director: Miss J. E. Leitch 2-3575
Special Adviser: P. Stuchen 6-8780
Foreign Trade: P. C. Collingwood 6-7667
Capital Investment: J. H. Latimer 2-5711
Domestic Industries: E. Westbrook 2-3847
Resource Industries: A. M. Coll 6-7408
Area Studies: H. R. Smale 2-5266
Econometrics and Development: 6-8288

Industrial Development Branch

Director: B. R. Hayden 6-7886
Research Division
Chief: W. M. Hall 2-4143
R. Billard 2-3019
New Products Division
Chief: G. A. Cooper 2-4181
P. Vachon 2-3019
Import Analysis Division
Chief: G. P. Bourne 2-5909
J. G. MacKinnon 6-6925
Miss E. Hurst 6-6925
Regulations and Publications Division
Chief: J. H. O'Connell 2-3713

International Trade Relations Branch

	Gov. Local
Director: R. Campbell Smith	2-2250
Assistant Director: R. E. Latimer	2-2981
Assistant Director: V. L. Chapin	6-7594
General Relations Division	
Chief: R. E. Latimer	2-2981
J. R. Downs	2-5642
G. W. Green	2-4100
W. Lavoie	6-7696
M. Sakellaropoulo	2-4100
W. A. Kennett	2-4100
J. R. Roy	6-7696
J. P. Reny	2-5528
H. V. Jarrett	6-7696
Miss H. M. Spence	6-7696
Miss A. Saint-Denis	2-3701
Asia and Middle East Division	
Chief: J. R. Downs	2-5642
W. D. Wallace	2-2144
J. M. H. Davison	2-2144
Commonwealth Division	
Chief: A. W. A. Lane	2-2421
U.K. Miss H. K. Potter	2-3920
A. R. A. Porter	2-3920
Other	2-0436
J. W. Latimer	2-3920
Miss M. V. McCormick	2-0436
W. G. Huxtable	2-0436
European Division	
Chief: W. G. Pybus	6-8727
Assistant Chief: F. P. Weiser	6-6531
J. E. Lancaster	2-3701
Miss I. F. Skuce	6-6531
M. O. A. Krupka	2-5528
Latin American Division	
Chief:	6-7641
A. M. Baldwin	6-7641
L. H. Brown	2-5528
United States Division	
Chief: G. A. Browne	2-5176
Assistant Chief: B. S. Shapiro	6-8469
J. B. O'Neill	6-8469

Small Business Branch

Assistant Director: Morgan J. Mahoney	2-4737
T. E. Bocking	2-5207
S. G. Barkley	2-5207
F. X. Wildgen	6-7573

Standards Branch Standards Building, Holland Ave., Tunney's Pasture

Director: R. W. MacLean	2-2132
Assistant Director and Chief, Electricity and Gas Division: E. F. Power	2-2956
Chief, Weights and Measures Division: C. S. Phillips	2-2000
Chief, Laboratory Division: W. J. S. Fraser	2-2575
Commodities and Precious Metals Marking: G. R. Lewis	6-7075

Trade Commissioner Service

Director: H. Leslie Brown	2-2530, 2-0798
Assistants to the Director: P. A. Savard	2-3058
L. D. Burke	2-2242
Executive Director: T. R. G. Fletcher	6-8286
Assistant Director (Personnel): G. F. G. Hughes	6-6800
Assistant Director (Administration): W. J. Millyard	2-5669
G. F. Farrow	2-5717
Western Representative: K. F. Noble, Federal Building, Room 405, 325 Granville Street, Vancouver 2, B.C.	Mutual 1-7161
Newfoundland Representative: Stott Bldg., 123 Water Street, St. John's, Newfoundland	2698

Trade Fairs Abroad Office

	Gov. Local
Liaison Officer for Trade Fairs: K. G. Ramsay	6-8269
Geo. Hazen	2-4379

Trade Publicity Branch

Director: C. J. Van Tighem	2-2479, 6-6394
Assistant Director: J. Fergus Grant	2-2186
Editor, *Foreign Trade* and *Commerce extérieur:* Miss O. Mary Hill	6-6588
Editorial and Art Services Division	
Chief: F. R. Hamilton	6-6435

Translation Branch

Chief: Emile Boucher	2-2760

Dominion Bureau of Statistics **Holland Ave.**

Dominion Statistician: Walter E. Duffett	2-2529
Assistant Dominion Statistician: J. T. Marshall	6-7695
Assistant Dominion Statistician: S. A. Goldberg	2-5458
Assistant Dominion Statistician: L. E. Rowebottom	2-5426
Senior Research Statistician: G. B. Oakland	2-3562
Consultant on Classification: N. L. McKellar	2-3437
Chief Administrative Officer: H. L. Allen	6-7368
Agricultural Division	
Director: C. V. Parker	2-4774
Business Finance Division	
Director: C. Scott	2-4052
Census Division	
Director: O. A. Lemieux	2-2088
Education Division	
Director: F. E. Whitworth	2-5933
Health and Welfare Division	
Director: F. F. Harris	6-6651
Industry and Merchandising Division	
Director: H. McLeod	2-2125
Information Services Division	
Director: C. C. Lingard	2-0418
International Trade Division	
Director: C. D. Blyth	6-8340
Labour Statistics Division	
Director: H. F. Greenway	6-7424
Mechanical Tabulation Division	
Director: A. B. McMorran	6-8232
Prices Division	
Director:	2-3913
Public Finance and Transportation Division	
Director: G. A. Wagdin	2-5396
Research and Development Division	
Director: F. H. Leacy	2-3071
Special Surveys Division	
Director: W. I. Moore	2-5570

Export Credits Insurance Corporation **Birks Bldg., 107 Sparks St., P.O. Box 655**

President and General Manager: H. T. Aitken	CE2-4828
Assistant General Manager: A. W. Thomas	CE2-4828
Secretary: T. Chase-Casgrain	CE2-4828
Economist: D. C. Taylor	CE2-4828
Underwriter: S. Garrett	CE2-4828
Credits Supervisor: C. A. Law	CE2-4828
Claims Supervisor: F. G. Reynolds	CE2-4828
Accountant: B. R. King	CE2-4828
Montreal Branch 607 St. James St. West	UN6-1268
Toronto Branch Rm. 1511, 55 York St.	EM4-5778

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.050903.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent March 28	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Free	.01158	86.35	(1)
Austria	Schilling		.03664	27.29	
Australia	Pound		2.1369	.4680	
Bahamas	Pound		2.6711	.3744	
Belgium, Belgian Congo and Luxembourg	Franc		.01908	52.41	
Bermuda	Pound		2.6711	.3744	
Bolivia	Boliviano	Free	.00008329	12,006.24	
British Guiana	Dollar		.5565	1.80	
British Honduras	Dollar		.6678	1.50	
Brazil	Cruzeiro	General Category*	.003910	255.76	*Mar. 15 (2)
		Special Category	.001658	603.13	
		Official selling	.05030	19.88	(3)
Burma	Kyat		.1998	5.01	
Ceylon	Rupee		.2003	4.99	
Chile	Escudo	Free	.9045	1.11	(4)
Colombia	Peso	Certificate	.1441	6.94	
Costa Rica	Colon	Official	.1695	5.90	
		Controlled free	.1431	6.99	
Cuba	Peso		.9516	1.05086	tax 2%
Czechoslovakia	Koruna		.1322	7.56	
Denmark	Krone		.1381	7.24	
Dominican Republic	Peso		.9516	1.05086	
Ecuador	Sucre	Official	.06344	15.76	
		Free	.05614	17.81	
Egyptian Region, United Arab Rep.	Pound	Official	2.7325	.3660	
		Export account selling	2.5000	.4000	
El Salvador	Colon		.3806	2.63	
Fiji	Pound		2.4064	.4155	
Finland	Markka		.002974	336.25	
France, Monaco, etc.	New Franc		.1939	5.16	(5)
French colonies	Franc		.003878	257.86	(6)
French Pacific	Franc		.01066	93.81	(7)
Germany	D Mark		.2282	4.38	
Ghana	Pound		2.6711	.3744	
Greece	Drachma		.03172	31.52	
Guatemala	Quetzal		.9516	1.05086	
Haiti	Gourde		.1903	5.25	
Honduras	Lempira		.4758	2.10	
Hong Kong	Dollar	Free*	.1653	6.05	*Mar. 18
		Official	.1669	5.99	
Iceland	Krona	Official	.02504	39.94	(8)
India	Rupee		.2003	4.99	
Indonesia	Rupiah	Official rate	.02115	47.29	(8)
Iran	Rial		.01256	79.61	
Iraq	Dinar		2.6644	.3753	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent March 28	Units per Canadian dollar	Notes (See below)
Ireland	Pound		2.6711	.3744	
Israel	Pound		.5286	1.89	
Italy	Lira		.001533	652.31	
Japan	Yen		.002643	378.36	
Lebanon	Pound	Free	.2989	3.34	
Mexico	Peso		.07613	13.13	
Netherlands	Florin		.2523	3.96	
Netherlands Antilles	Florin		.5084	1.97	
New Zealand	Pound		2.6711	.3744	
Nicaragua	Cordoba	Effective buying	.1442	6.93	
		Official selling	.1349	7.41	
Norway	Krone		.1335	7.49	
Pakistan	Rupee		.2003	4.99	
Panama	Balboa		.9516	1.05086	
Paraguay	Guarani	Official	.007800	128.20	
Peru	Sol	Certificate	.03435	29.11	
Philippines	Peso		.4758	2.10	
Portugal & Colonies	Escudo		.03321	30.11	(9)
Singapore and Malaya	Straits Dollar		.3116	3.21	
Spain and Dependencies	Peseta		.01586	63.05	
Sweden	Krona		.1840	5.43	
Switzerland	Franc		.2195	4.55	
Syrian Region, United Arab Rep.	Pound	Free	.2659	3.76	
Thailand	Baht	Free	.04502	22.21	(8)
Turkey	Lira		.1057	9.46	(8)
Union of South Africa	Pound		2.6711	.3744	
United Kingdom	Pound		2.6711	.3744	
United States	Dollar		.9515625	1.050903	
Uruguay	Peso	Free	.08373	11.94	
		Basic buying	.6250	1.60	(8)
		Principal selling	.4525	2.21	
Venezuela	Bolivar		.2840	3.52	
West Indies Fed.	Dollar		.5565	1.80	(10)
	Pound		2.6711	.3744	(11)
Yugoslavia	Dinar	Official	.003172	315.26	(8)
		Settlement rate	.001506	664.17	

*Latest available quotation date.

Notes

1. Argentina: effective Jan. 1, 1959, a single fluctuating exchange rate was introduced. Exports are subject to retention taxes of either 10 or 20 per cent ad valorem under this system.
2. Brazil: exporters receive cruzeiros at official buying rate of Cr.$18.36 plus (a) an exchange premium of Cr.$57.64 per U.S. dollar for coffee, cocoa beans and cake, and castor seeds, and (b) Cr.$81.64 per U.S. dollar for all other exports except sugar, cotton and cocoa butter, and a few other products, export returns from which may be sold on the free exchange market.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate of Cr.$18.92 per U.S. dollar plus a surcharge of Cr.$81.08 per U.S. dollar.
4. Chile: free rate applies to exports and imports. Chilean importers must make prior deposits in amounts ranging from 5 to 1,500 per cent, depending on product, prior to shipment of goods. Beginning January 1, 1960, one escudo equals 1,000 pesos.
5. France: territory includes Algeria, Tunisia, Guiana, Guadeloupe, Martinique. The new heavy franc (worth 100 old francs) became effective on Jan. 1, 1960. In Tunisia the rate of the franc is reduced by 20 per cent on most foreign exchange transactions.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

Selling to the French West Indies

These small but interesting Departments of France import a wide variety of goods that Canadians can supply. Progressive relaxation of import restrictions should make doing business there more and more worthwhile.

R. L. RICHARDSON, *Assistant Trade Commissioner, Port-of-Spain.*

On August 14, 1959, the market in the French West Indies was reopened to Canadian exporters after 20 years of virtual exclusion. A population of close to half-a-million now provides a potential market for foodstuffs, manufactured products, cement and fertilizers, as the French Government continues to liberalize imports.

A long list of products is now allowed into the French West Indies without import licence. Total quotas for the items still controlled have been boosted from $3.6 million to $5 million. Because the total quotas now cover a much smaller list of products, the amounts of the individual allocations have been increased considerably. They now include capital equipment for the pineapple industry $520,000; meat on the hoof or frozen $345,000; spare machinery parts $200,000; margarine or other industrial food oils $190,000 lumber $165,000; all types of fish $115,000, and miscellaneous supplies $95,000.

The French West Indies comprises the two large islands of Martinique and Guadeloupe (380 and 656 square miles) and a number of smaller ones, all of which are Departments of France. Trade has been closely controlled in the past and is thus oriented to France and the French colonies in Africa. The islands have practically no manufacturing industry and they depend on imports for most of their needs. The economy is based on tropical agriculture, with its byproducts, molasses and rum.

The income of Guadeloupe is based on exports valued at about Can.$28 million in 1958, of which almost Can.$24 million worth went to France. Sugar and bananas are the chief crops, earning Can.$13.5 million and Can.$11 million, though coffee, molasses and vanilla are exported in smaller quantities. There is a beef industry that meets about half the local demand.

Martinique has a similar economy but it exports more bananas than sugar. In 1958 exports of bananas totalled about Can.$11 million; sugar earned about Can.$7 million. Total exports reached Can.$24 million, of which over 90 per cent went to France. In the past few years Guadeloupe has shown greater economic development and a larger increase in exports than Martinique.

The overseas purchases of these islands in 1958 were valued at more than Can.$70 million. Of interest to Canadian exporters are products such as flour, meat products (cured), salt fish, powdered and condensed milk, potatoes, onions and cheese. Imports of agricultural products in 1958 were as follows:

Imports of Agricultural Products in 1958

	Martinique	**Guadeloupe**
	(in Canadian dollars)	
Meat products	950,000	1,000,000
Fish	970,000	630,000
Milk products	580,000	540,000
Eggs	30,000	45,000
Cheese	300,000	190,000
Fresh vegetables	430,000	500,000
Flour	2,100,000	1,800,000
Potatoes	570,000	350,000
Onions	160,000	135,000
Biscuits	60,000	80,000

Building materials are also in considerable demand because most of them must be imported. Cement imports in 1958 totalled over Can. $1 million, with supplies coming mainly from Sweden. The amount of construction under way will provide a worthwhile market for wallboard, lumber, plywood and roofing. Homes and business premises are being equipped with modern fixtures and appliances currently imported from France.

Sugar and banana plantations require a large volume of fertilizers; imports of these totalled over Can. $13 million in 1958. There is also an opportunity for Canadian pharmaceutical firms to share in a Can. $1 million market.

A national bank and one local bank are located on each island. Credit Martiniquais and Credit Guadeloupeen, the local banks, finance most of the domestic business. Because of long-established contacts with France, reliable importers can obtain lenient credit terms. Canadian firms would be well advised to obtain credit information on importers. They can thus choose the most reliable ones and be better able to compete with other suppliers in negotiating terms of sale. Delivery of goods may take up to five months.

There is no direct shipping service between Canada and the French West Indies but the relaxation of trade restrictions may encourage one of the shipping lines to make regular stops at one or both main ports—Pointe-à-Pitre on Guadeloupe and Fort-de-France on Martinique. Harbour facilities are adequate to handle regular steamships en route to the Caribbean and South America.

Canadian exporters may contact the International Trade Relations Branch of the Department of Trade and Commerce for information on products permitted entry into this market. The Port-of-Spain office will be glad to provide information on the market in general and to suggest possible contacts. ●

The Queen's Printer
OTTAWA

If undelivered return to:
The Queen's Printer, Ottawa, Canada